

# BUSINESS WEEK

MAY 4, 1946



The Chamber of Commerce of the United States elects William K. Jackson of United Fruit (page 8)

BUSINESS  
WEEK  
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JUN 6 1946



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## HUNGRY WORLD

Top agriculture officials are losing their stubborn optimism on long-term world food prospects. Privately, they now admit that the best conceivable crops in the coming year can make no more than a dent in world famine conditions. Grains will be short for a long time, and livestock rebuilding is even slower. Meat supplies can't approach normal earlier than 1950.

It is the long-term picture that is driving frantic government efforts to pull wheat off the farms. Many wheat farmers are convinced that when price controls come off—and they've been led to expect this soon—prices will outrun the \$2.25 a bushel of the first World War. Against this possibility, a 30¢ bonus on the controlled \$1.58 price seems piddling. Wheat in the bin looks like gold these days.

Facing failure of its bonus offer to pull in wheat, the Agriculture Dept. is hatching plans for use of the 50,000,-000 bu. of corn which it is buying with 30¢ bonus. Instead of being used to balance up U. S. livestock feed distribution, part of it will be shipped abroad for human consumption. Some will go to industrial starch producers. Oats, now plentiful, will also be shipped overseas.

## Market

This change of signals has infuriated feed-short livestock producers. Although 1,000,000 bu. don't bulk large against the billion-bushel corn supply, government bonus buying has upset the market. Feeders can't buy even on the black market, which is being outbid by the Commodity Credit Corp.

The next squeeze on wheat use will probably be felt by soft drink manufacturers, heavy users of grain sugars. Officials are studying a move similar to the 10% cut in beer output.

No further beer cuts are planned, but stillers may feel the ax again. They are ordered this week to cut their mashing operations in May to three days instead of the five days permitted in March and April. They will probably be forbidden to use any grain at all in June.

## Longer Term

Back of the indecision and occasional half-heartedness evident in Agriculture Dept. handling of the food emergency is fear—fear of a catastrophic feed grain surplus about 1949. Inevitable high grain prices will bring in marginal production all over the world. At the same time, feed shortages will have reduced U. S. livestock herds while herds abroad

are slow to increase. Three years of this could produce an abrupt shift, from severe shortage to overflowing surplus.

## INCH BY INCH

A reliable report that two major oil companies are jointly backing offers for the Big and Little Inch pipelines is the starting whistle for the long and bitter fight over their disposition (BW—Sep. 22'45,p42).

The two companies, which have not identified themselves publicly, are understood to be behind an offer made a month ago by Big Inch Gas, Inc., a Delaware corporation, of \$40,000,000 for Big Inch, in conjunction with a similar offer by Big Inch Oil, Inc., for Little Inch.

War Assets Administration seems inclined to convert Big Inch to transportation of natural gas, which Big Inch Gas, Inc., proposes to do. This puts the Federal Power Commission on the spot. The corporation's application for authority to convert and operate the line as a gas carrier is bringing pressure from coal operators and workers and rail interests to defer consideration until FPC winds up its broadside investigation of the natural gas industry (BW—Sep. 15'45,p28) late this year.

Besides this monkeywrench, there are other complications. The Big Inch right-of-way through Pennsylvania is hedged around by a provision that only crude and petroleum products may be moved.

## JOBS OR \$20 A WEEK?

Pressure for extension beyond 52 weeks of the \$20-a-week readjustment allowance paid to unemployed veterans will be felt as soon as Congress reconvenes next January. Payments to large numbers of veterans will be starting to run out just about then. Prospects for extension will hang on whether the Veterans Administration is right in its prediction of a labor shortage by the year's end.

With 1,700,000 veterans now members of the 52-20 club, VA officials are already worrying about the effect on the tight farm labor situation. Payments are supposed to stop if a veteran refuses a proffered job, but local employment service officials are not inclined to be hard-boiled.

Sensitive congressmen are shuddering at the squeeze they'll be in next year between two effective pressure groups—veterans and farmers.

## CHECKING CAR SALES

OPA has always held it illegal for an auto dealer to collect cumshaw for putting a prospect on a preferred delivery list, but until now there has been nothing to prevent a customer who got his name in early from selling his position in line to a third party. Suspecting that many such customers are shills for the dealers, OPA is about to amend the auto price regulation to forbid dealers to sell cars to assignees of places on delivery lists.

## RATE BILL ENDANGERED

The Bulwinkle bill, aimed at freeing railroad rate-making from antitrust action, may die in a Senate committee as Congress rushes through "must" bills so it can go home.

Behind the delay in Senate action on the House-approved bill is the persistent opposition of Chairman Burton K. Wheeler of the Senate Interstate Commerce Committee. Wheeler has been holding out for a compromise which would make the bill acceptable to the Justice Dept. and other opponents. If the Montana senator can't wangle it—and the time left for him to manage it is in short—he will use his influence to hold the bill in committee until adjournment.

## HANNEGAN'S FUTURE

In spite of congressional sniping, Robert E. Hannegan, No. 1 political adviser to President Truman in his double capacity as Postmaster General and chairman of the Democratic National Committee, isn't quitting yet. Hannegan's efforts to patch up his differences with the conservative wing of the party have been fruitless, however, and the chances are better than even that he will relinquish his party leadership before 1948.

Hannegan will go ahead with plans for the congressional campaign this fall, since his presence will not hurt and may help campaigns of the more liberal candidates in northern and western states. In the South, Democratic candidates will win anyway.

## Preconvention Shift Is Likely

But Hannegan's presence in 1948 could be embarrassing to Truman in the preconvention maneuvering, since the southern wing wields strong influence at such a time. For this reason, and also because his health isn't good,

# THINK...

## what this would mean to You!

Mac., 1937, No. 10  
on Page 26

No. 10, 1937

(Copyright, 1937,  
The Jenkins Valve Co.)

SATURDAY, APRIL 10, 1937

Group  
Doubts  
Quality of  
Program

Terms and  
Exit Phases  
Treas-  
Briefs  
Assails  
"ethargy"  
Late Levies  
Unlined De-  
Vote

# Nation's Supply Houses Close Doors Forever Industry Alarmed

## Leaders Predict Higher Operating Costs and Advanced Prices as Result

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FOR HALF a century some people, unacquainted with the facts and figures, have prophesied the passing of the industrial distributor; some even have advocated it. However, merely to consider what the end of the distributor would mean to your individual business is to see how absurd is the idea.








The value of the distributor to industry is too well recognized to require argument. Yet, with respect to the cost of the distributor's function there is much misunderstanding. Applying the axiom—"you can't get something for nothing", too frequently buyers jump to the conclusion that they pay extra for the conveniences of the distributor's service. If, at times, they are able to secure a slightly lower price through direct negotiation, they find it easy to convince themselves that this represents a saving.

However, as countless buyers know, such

a "saving" is more often apparent than real. It may be eaten-up quickly by the excessive costs of carrying adequate stock, and the multiplication of orders and resulting load of purchasing detail, which the buyer must assume.

Thoughtful consideration of the facts is certain to show that nobody pays extra when the distributor takes a profit. *Actually his profit is a small percentage of the savings which he effects for both seller and buyer.* The seller gets merchandise into the buyer's hands with less expense. The buyer gets the benefit of what amounts to cooperative purchasing and warehousing facilities for the major part of his requirements... which means a large saving over what it would cost to carry adequate stocks in his own plant.

Buyers who fully utilize distributors' facilities benefit most and pay no more.

COMPARE!			
BOUGHT DIRECT		BOUGHT FROM DISTRIBUTOR	
Price paid for Supplies bought Direct from Mfr		Price paid for Supplies bought from Distributor	
Freight, trucking etc. to plant storeroom		Store-Door Delivery	
Increased costs in Purchasing, Labor, Warehousing		Lower Purchasing, Labor, Warehousing costs	
TOTAL ACTUAL COST of Industrial Supplies bought Direct from Manufacturer		TOTAL ACTUAL COST of Industrial Supplies bought from local Distributor	

Makers of Jenkins Valves for more than four-score years, we know that Jenkins' customers are served better and more economically through Industrial Distributors than they could be through direct negotiation. Further, we are convinced that Industry can profit by fuller utilization of local Distributors, and in this advertising present some of the sound reasons for this conviction.

*Jenkins Bros*

DISTRIBUTORS SERVE INDUSTRY ECONOMICALLY

likely that Hannegan will step from his party post sometime next year, probably keeping his cabinet job. In his place will probably go a man loyal to the present Administration, who has been able to keep clear of the intraparty squabbles.

The two recent attacks on Hannegan in House Democrats were the result of minor incidents, but they were clearly symptomatic of the cleavage within the party which Hannegan will be unable to cure. Southern and other conservative leaders of the party are definitely suspicious of Hannegan's left-wing attitudes and will pass up no opportunity, no matter how inconsequential, to take political thrusts at him.

## O. LOSES WAGE ISSUE

C.I.O. has lost out in the framing of policy to govern wage rates in new plants. In a regulation shortly to be issued, the National Wage Stabilization Board is setting what amounts to minimum wage rates for such plants. It provides that the rates must line up with rates paid for similar jobs in other plants in the area or, if there are no comparable jobs in the area, with jobs in the industry.

The board's C.I.O. members sought to make the alternatives optional so that the unions could fight for either area or the industry job rates, whichever are higher. Their appeal was turned down by Economic Stabilization Director Chester Bowles.

Employers may go higher than the area or industry rates but, if they do, they will be able to get offsetting price increases only for the approved rates. Employers who pay less than the approved rates will be deemed in violation of wage stabilization law and subject to income tax penalties.

## POLITICAL UNIONISM

Behind the race between the A.F.L. and C.I.O. to recruit thousands of new members in the South are political implications which will probably show up in 1948. The labor leaders have their eyes on the southern Democratic primaries at that time.

The major union organizations have been able in the past to wield material influence on congressional primary elections only in the urban and industrial areas of the South. That's the root of their present troubles with Congress. Strengthening of their membership, however, could give them sufficient political weight, extending outside of

the urban centers, to break the heavily antilabor ranks of southern congressmen. It's doubtful that the unions' membership drives will have much effect on southern races this year, since most of the primaries are almost here. A number of southern members who formerly welcomed a C.I.O. attack as good campaign material are now being more cautious, however, as well as keeping a weather eye on the union enlistments in their home areas.

## SURPLUS BULLDOZERS

Equipment-starved contractors will get little benefit this season from the new policy—adopted under congressional pressure—of returning construction equipment and materials from Pacific island bases. Much of the most needed gear, including trucks, tractors, cranes, shovels, and compressors, is being set aside for exclusive sale to veterans (BW—Apr. 20 '46, p. 5). And much of what the veterans don't take, state highway departments and cities will grab before it gets into normal trade channels.

Some 22 shiploads (some of the "ships" are landing craft) have arrived, and about 180 shiploads are on the way. Cargoes will be arriving at West Coast ports over the next four months.

## AIMED AT THE RUSSIANS

The radio industry is more annoyed than disturbed by a sweeping amendment to the espionage act, proposed by Senators Eastland (D., Miss.) and Wherry (Rep., Neb.), which would forbid the sale of any electronic equipment—including radios—to any foreign government.

The bill is merely a peg for an attempt at a spectacular investigation of Russian contacts with Raytheon Corp. for radar equipment and manufacturing data. The investigation fizzled at the start with the revelation that the equipment in question had been declassified by the War Dept.

## NELSON MISSES CAPITAL

Donald Nelson, former WPB chief and president of the Society of Independent Motion Picture Producers, would like to come back to Washington, but not to take over the job of War Assets Administrator from Lt. Gen. Edmund B. Gregory. Nelson emphatically denies rumors that he's slated for the appointment but doesn't deny

that it was offered to him. In Nelson's opinion the Surplus Property Act is unworkable.

## FM FOR EDUCATION

Progress on state plans for establishment of noncommercial educational FM (frequency modulation) radio networks, indorsed by the Federal Communications Commission and the U. S. Office of Education, will be pointed up at next week's meeting of the Institute for Education by Radio in Columbus, Ohio. Wisconsin and Maryland plans are scheduled for discussion.

Under proposals now before educators, each state would get into FM on the ground floor by setting up its own network which, in turn, could be linked in a nationwide chain to be programed on occasion by the federal bureau.

## FOR SALE ON "SIGHT"

Government stores for sale of surplus goods—though not retail sales—are being set up by the War Assets Administration. Called "sight" sales by WAA, the stores will eventually handle all types of price-fixed surplus, both producer and consumer goods. Sight sales rooms will be set up in most of the 33 WAA regions, starting with one scheduled to open in Chicago May 1. An authorized customer (which usually means a regular dealer, as far as consumer goods are concerned) could look over the stock, pick out what he wanted, pay, and haul it away in his own truck.

The cost of running the stores will be absorbed by the government and will not be added to the fixed prices.

## CAPITAL GAINS (AND LOSSES)

Budget Director Harold Smith still looks like the best bet to head the Council of Economic Advisers created by the full employment law. This technician of government would be a compromise between the Wallace demand for a New Dealish group and the conservative pressure spearheaded by Reconstruction Director John W. Snyder.

It is rumored that Ganson Purcell, who's quitting the Securities & Exchange Commission, has been retained by northern bituminous coal operators as their top lawyer.

Gifford Pinchot, key figure in the Pinchot-Ballinger conservation controversy of 1910 which widened the Republican Party schism that resulted in Theodore Roosevelt's bolt, has just com-



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do plastics  
cost?



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SEEDING INDUSTRY WHICH SERVES MANKIND

pleted a sizzling book—to be published this fall. It will throw much light on the T.R. era.

## THE COVER

Election of William Kenneth Jackson to succeed Eric Johnston as president of the Chamber of Commerce of the United States (page 16) is welcomed by many a chamber member as the end of an exciting but unhappy buggy ride. After a rebellion against the old guard put Johnston into power, he kept himself in the headlines by lecturing business like a dutch uncle. The unreconstructed felt that he went too far toward appeasing labor and charged that he used the chamber as a sounding board to further his ambitions. Now that Johnston has vaulted to a \$100,000-a-year movie czardom, it is expected that Jackson will guide the chamber into the paths of impersonal progress.

Jackson, who is vice-president and general counsel of the United Fruit Co., has the abilities needed to heal any rift. As a vice-president of the national chamber and head of the Boston Chamber of Commerce he has learned the arts of organization leadership. Since he is a Democrat in politics and a middle-of-the-roader in economics, he can be counted on as a peacemaker between Johnston's young Turks and the chamber's conservatives.

His air of judicial confidence is the outcome of an unusual career. Jackson was born at Denver, Tenn., in 1886. At the University of Florida, where he received his A. B., he managed the football team and played a little tennis. He received his law degree at the University of Virginia, hung out his shingle in Jacksonville. Later he went to Panama, became U. S. District Attorney of the Canal Zone in 1914.

When he joined the Boston headquarters of United Fruit in 1922, he brought to the company a knowledge of Spanish, a familiarity with Central American law codes, an easy skill in dealing with Latin Americans.

Jackson likes Boston and, since he has more Yankee traits than many a man born within smell of the codfish wharves, Boston likes him. His spare time is spent on his Dublin (N. H.) farm, sometimes in the company of his five children and five grandchildren. His success as a gardener is a source of professed concern to associates who say that the avocado plant he raised from a seed threatens one day to crowd him out of his Boston office.

The Pictures—Int. News—17, 19, 34, 76, 81; Underwood & Underwood—17; Wide World—19, 21, 88; Harris & Ewing—19; U. S. Navy—22; Acme—36, 94, 96; Blank & Stoller—44.

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BUSINESS WEEK • May 4



# THE OUTLOOK

BUSINESS WEEK

MAY 4, 1946



The significance of huge consumer spending is being overshadowed in the day's business news by the growing coal crisis, but it will continue to dominate the over-all outlook.

And here is something to watch. The pattern of spending has changed in a way that may have permanent significance.

During the days of shortages, individuals naturally put much more than a prewar normal portion of their spending into soft goods. Even when more durables are available, this ratio of soft goods sales to hard may not swing back entirely.

Food habits, for example, have been bettered by wartime high incomes. People never again will get along on as little citrus as prewar. And if incomes remain high, sales of meats and dairy products will be high too.

Liquor, tobacco, gasoline all face a rosy future volumewise.

Salaries and wages, down 15% from wartime levels, until recent increases began to go into effect, will rise further.

Consumer incomes, down only about 5% despite lower pay levels, will soon be approaching the wartime peak of nearly \$165,000,000,000 annually.

Meanwhile, consumer spending on goods and services was at the rate of \$120,000,000,000 a year in the 1946 first quarter, according to the Dept. of Commerce. That is an all-time high, tops a year ago by \$20,000,000,000 (annual rate), and comes up fully to expectations (BW—Mar.30'46,p10).

Nondurable output available to civilians has recently been the greatest ever. This is in terms of actual physical volume, not dollar volume.

Production of nondurables, according to Federal Reserve figures, is not quite up to the all-time high of late 1943. However, a much larger share of total output is available to civilians now than in 1943.

By way of comparison, output of nondurables in February and March ran 18% above the 1941 average. And that in the face of the many strikes and production disturbances.

Persistent shortages obscure the fact that many types of consumer goods are available in very large quantity (charts, page 16).

Textile output is 7% above 1941 and 45% higher than in 1939.

Manufactured food racks up gains of 25% and 47%; leather products come through with 8% and 27%; furniture, about even with 1941 and 33% ahead of 1939, is confidently expected to break all records this year.

Rubber products are 37% ahead of 1941, almost double 1939.

Alcoholic beverages and tobacco products, to mention a couple of smaller lines, are far ahead of any prewar period.

Automobiles, refrigerators, and washing machines nevertheless are having trouble getting up to anything like projected company schedules. Yet even durables, over-all, were running only 9% behind 1941 in March (adjusted for seasonal variation), according to the Federal Reserve Board.

Lifting price control on individual products when supply reaches the level of the year ended June 30, 1941, would junk most ceilings.

That's what the House-passed bill asks for. With output of nondurables well above the 1941 average and durables nudging that level, nothing but a

# THE OUTLOOK (Continued)

BUSINESS WEEK

MAY 4, 1946

handful of items would remain under OPA controls if that bill becomes law.

Foods, notably, would be freed almost without exception.

Retail sales (dollar volume, exclusive of expenditures for services) were at the rate of \$90,000,000,000 for the first quarter of 1946. But, due to shortages, consumers spent only half as much for durable goods as might have been expected at present levels of income.

They were on a buying spree in nondurables, however. They put about 20% more into soft goods than would have been expected on prewar ratios.

The first post-Easter figures on retail sales show continued avid demand; New York department stores were 31% over 1945 in the Apr. 27 week.

Comparisons still suffer temporarily, however, from the difference in the date of Easter this year and last.

Nevertheless, it is now possible to take a realistic look at the results of the Easter shopping season. Taking the five weeks before the holiday for each year, 1946 shows a gain in dollar volume for the country's department stores of a full 28% and we thought we had a buying spree last year.

Shoe supplies should begin to overtake demand before too long.

Output for the first quarter of this year is estimated at about 125,000,000 pairs. Civilian Production Administration expects the remainder of the year to keep pace for a 1946 total of 500,000,000 pairs.

Monthly output, now averaging in the neighborhood of 42,000,000 pairs, is approximately 8,000,000 pairs better than prewar figures.

Akron doesn't expect passenger car tires to catch up with demand until late this year or perhaps early next.

Output, however, is breaking all records. The industry is fairly confident that, barring upset, the year's total will be more than 70,000,000. The companies and CPA had agreed on a goal of 66,000,000.

Meanwhile, tire plants have pretty nearly caught up with truck demand. In a couple of months, dealers should have normal inventories. Already there has been some price shading in the form of discounts.

The situation in nonferrous metals is becoming more and more vexing.

Consumers of copper find that the government's 450,000-ton stockpile is little use to them. This imported copper, for the most part, isn't in the forms needed. With smelters struck, it can't be used.

Imports of lead apparently will be below expectations. The government's purchases now appear to amount to only about 7,000 tons a month.

Effects of the coal strike now are beginning to spread. About a million tons of badly needed steel ingot already has been lost. Even if coal mining were resumed tomorrow, it would take steel mills a couple of weeks to build enough stock for 85% to 90% operations.

Before long, steam generating plants of the electric utilities will begin to ration juice to save dwindling coal supplies.

Allied Chemical & Dye curtailed this week to conserve fuel. Such examples give some idea of the situation's seriousness.

# FIGURES OF THE WEEK

## THE INDEX (see chart below).

### PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot operations (% of capacity)	67.7	73.6	87.1	95.8	97.3
Production of automobiles and trucks	64,620	57,565	43,070	20,045	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$21,417	\$22,341	\$18,609	\$6,402	\$19,433
Electric power output (million kilowatt-hours)	3,977	3,987	3,992	4,416	3,130
Crude oil (daily average, 1,000 bbls.)	4,672	4,686	4,424	4.05	3,842
Bituminous coal (daily average, 1,000 tons)	118	108	2,215	1,872	1,685

### TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	84	84	82	86	86
All other carloadings (daily average, 1,000 cars)	25	24	52	58	52
Money in circulation (Wednesday series, millions)	\$27,877	\$27,948	\$27,842	\$26,074	\$9,613
Department store sales (change from same week of preceding year)	+51%	+81%	+12%	+18%	+17%
Business failures (Dun & Bradstreet, number)	17	16	18	20	228

### PRICES (Average for the week)

Spot commodity index (Moody's, Dec. 31, 1931=100)	273.4	273.5	273.3	256.7	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)	172.4	172.4	172.4	166.5	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	239.2	239.9	239.6	227.7	146.6
Finished steel composite (Steel, ton)	\$63.54	\$63.54	\$63.54	\$57.55	\$56.73
Scrap steel composite (Iron Age, ton)	\$19.17	\$19.17	\$19.17	\$19.17	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	12.00¢	12.00¢	12.00¢	12.00¢	12.02¢
Wheat (Kansas City, bu.)	\$1.72	\$1.72	\$1.72	\$1.67	\$0.99
Sugar (raw, delivered New York, lb.)	4.20¢	4.20¢	4.20¢	3.75¢	3.38¢
Cotton (middling, ten designated markets, lb.)	27.62¢	27.75¢	27.60¢	22.40¢	13.94¢
Wool tops (New York, lb.)	\$1.330	\$1.330	\$1.330	\$1.340	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.50¢	22.50¢	22.50¢	22.50¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.)	148.3	149.6	143.7	117.2	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.00%	2.97%	2.94%	3.33%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's)	2.50%	2.47%	2.46%	2.61%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1.00%	1.00%	1.00%	1.00%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	3%	3%	3%	3%	4-8%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	38,089	37,748	37,116	39,099	23,876
Total loans and investments, reporting member banks	65,340	65,515	65,975	57,058	28,191
Commercial and agricultural loans, reporting member banks	7,468	7,509	7,464	5,938	6,296
Securities loans, reporting member banks	4,402	4,413	5,197	2,767	940
U. S. gov't and gov't guaranteed obligations held, reporting member banks	46,935	47,050	46,818	42,854	14,085
Other securities held, reporting member banks	3,413	3,440	3,467	3,073	3,710
Excess reserves, all member banks (Wednesday series)	870	820	930	835	5,290
Total federal reserve credit outstanding (Wednesday series)	22,901	22,857	23,963	21,310	2,265

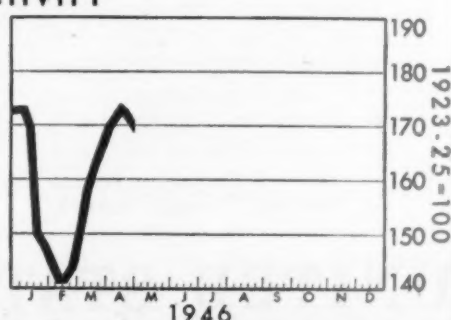
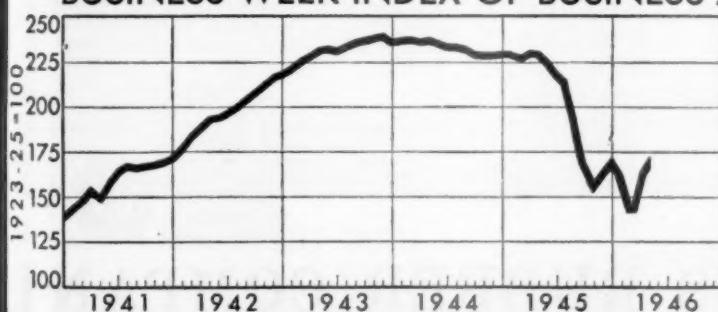
\* Preliminary, week ended April 27th.

† Revised

‡ Ceiling fixed by government.

§ Date for "Latest Week" on each series on request.

## BUSINESS WEEK INDEX OF BUSINESS ACTIVITY



**SERVING THROUGH SCIENCE**



**CHEW AWAY!**

**that bone is made of rubber**

And so is the rubber plug on your toaster—the tires on your lawn mower—and the rings on Mother's preserve jars. Each is engineered to perform a definite service—each different—all helping to make home life more pleasant.

Rarely are you more than an arm's length away from some engineered rubber product. In your refrigerator it seals in cold, provides quiet operation through motor mountings. Rubber gaskets seal pressure cookers and coffee makers; rubber insulates your home wiring system; it insures successful operation of water and heating systems.

For each the rubber is scientifically compounded and fabricated to do the precise job. That's why we call it *engineered* rubber. Science, skill and experience go into these everyday "U. S." products just as they enter into complex gigantic conveyor belts and high pressure steam hose.

Today, if you ask us to *engineer* rubber for an unusual service you can depend on "U. S." to write a good prescription, based on 103 years of research in rubber.

That is the meaning behind the motto of our company—"Serving Through Science."

**WATCHDOG OF  
ENGINEERED RUBBER**



**THIS MOLDED STOPPER** is indispensable to doctors, dentists, nurses. It is made with a base of purest natural rubber, to protect ampules of serum and other biological fluids.

*Tiny, but precise, this rubber stopper is only one of the thousands of molded rubber products engineered by "U.S." to serve homes, farms, and industries.*



**UNITED STATES RUBBER COMPANY**

1230 Avenue of the Americas • Rockefeller Center • New York 20, N. Y.



## Steel—Key to the Coal Strike

When shutdown has threatened whole economy, government will act to end deadlock. Until then, Washington will shy away from giving Lewis victory he apparently is able to exact.

The best advice available for businessmen who want to know how long the coal strike is going to last is: Watch the index of steel production.

A month ago, operating at near practical capacity, the steel production rate stood at 87.1%. By last week the effect of the mine shutdown was really being felt. Steel output was down to 73.6%. This week it's scheduled for 67.7%, and after that it will toboggan.

Steelmasters estimate that next week their industry will be operating at under 60% of capacity, and that the week after it will be virtually closed down. Then, and not much before, unless the unexpected occurs, negotiations to settle the coal strike will begin to bear fruit.

**Standing Pat**—John L. Lewis wants above all else two things—a wage increase topping the 18¢ an hour the C.I.O. got in steel, and an employer-financed miners' welfare fund. He will not be moved in his position, particularly because, thus far, he has his miners solidly behind him.

The operators have offered 18¢ and

rejected the welfare fund demand. They won't be moved either, largely because those other industries tied into coal are afraid that a wage increase of more than 18¢ for the miners will upset established wages and that an employer-financed welfare fund will set a precedent for all mass production industries.

• **Pressure Required**—The deadlock resulting from this conflict of interests and ambitions is such that thus far voluntary bargaining has got nowhere. It will take the catalytic effect of strong government pressure to break the deadlock.

But before the government will apply itself determinedly, pressure on it must be built up. That hasn't happened yet, and government efforts to effect a settlement have been half-hearted and desultory. An irresistible demand for strong government action will only develop when, through the closing of the steel industry, the whole economy is threatened with paralysis.

• **Why Washington Hesitates**—The major reason why the government has been

slow in involving itself in the coal strike is a widespread conviction in Washington that Lewis holds the high cards, and that the major issues will have to be settled on terms which favor him rather than the operators. The government has no particular love for the coal operators, but it would like to avoid the inevitable public reaction which would result from helping Lewis to another major victory.

It has, therefore, tried to keep on the sidelines, hoping, meanwhile, with a naivete which has come to characterize the present Administration's handling of labor affairs, for a miracle which would dispose of the troublesome—and politically dangerous—business without any ado on its part.

• **Prospect**—In the end—it now seems unavoidable—government prodding (behind the scenes or overt) will induce the operators to give Lewis enough for him to be able to claim a great triumph for himself.

When coal is again dug, it is most likely that the miners will be the recipients of a wage boost which shades what the C.I.O. won; also that their union will be a party to the administration of a welfare fund. Initially, the fund may be financed by a smaller tonnage royalty than Lewis has been talking about (10¢), but if the principle is established, United Mine Workers will jack up the payment from year to year.



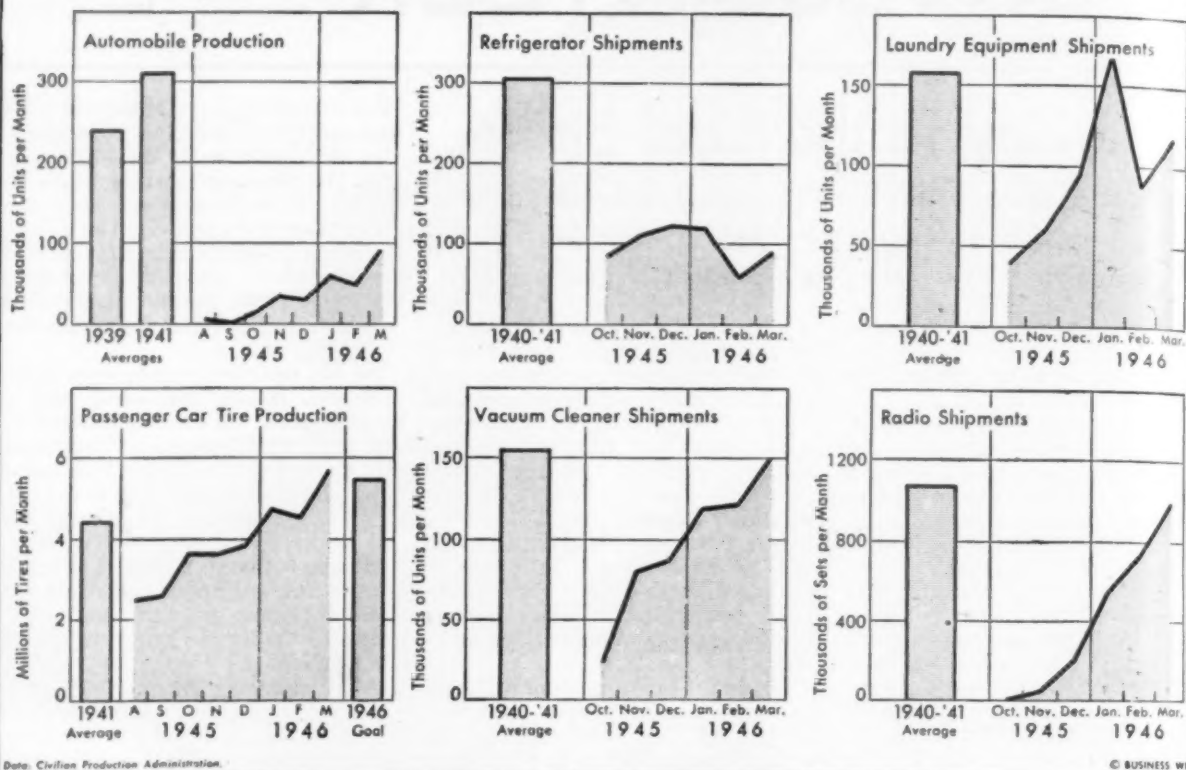
### ANOTHER FLYING SECRET OUT

At Hawthorne, Calif., Northrop Aircraft's long-range Flying Wing XB-35 (above), long under development, this week emerged from its wraps, although the Army withheld some details. Costing about \$13,000,000, this first of

15 bombers is John K. Northrop's latest effort to eliminate airplane fuselage. The 172-ft. wing, which has an area of 4,000 sq. ft., houses the crew; it is powered by four 3,000-hp. engines. High ratio of its 73,000-lb. useful load (that might be raised to 120,000 lb.) to empty weight, 89,000 lb., is of value for military or commercial operation.

## MILEPOSTS ON THE RECONVERSION ROAD

Most hard-goods manufacturers find going tough as they try to regain prewar production levels



## Middle-Roaders

Though U. S. Chamber of Commerce yearns for removal of controls, it refuses to be an advocate of abrupt action.

Through mists that shrouded the boardwalk, 2,000 delegates to the U. S. Chamber of Commerce convention gathered in Atlantic City this week and attempted to chart a path past the fogs that beset postwar business. Generally, the meeting repeated the chamber's yearning for removal of federal controls. But the sentiment was against the shocks of abrupt action.

Thus the chamber declined to follow the line taken by the National Assn. of Manufacturers, which demands immediate liquidation of the Office of Price Administration along with all its restrictions.

**• Recommendations—**The chamber recommended the elimination of price controls on commodities along with the abolition of "all wartime production and depressant subsidies" by Oct. 31. The only exception was rent control on which an expiration date of Mar. 31, 1947, was advised.

Eric H. Johnston, retiring president, led and won a backstage fight which killed a proposal calling for repeal of the Wagner Labor Act after the states had passed legislation to fill the gap. The majority agreed that the better plan is to work toward revision or more sympathetic administration.

**• Housing Policy Challenged—**Among other declarations was an attack on Washington's housing plans. While admitting the sore needs of veterans, the chamber asserted that "government subsidies, guaranty of markets, and similar artificial and costly devices must be abandoned because they will not produce more houses."

Productive capacity, it was asserted, must be released by "price adjustments" and other encouragements.

The U. S. Chamber paid its compliments to the United Nations and, at the same time, urged vigilance against the possibility of future wars. It proposed adequate stockpiles of essential materials, a reserve of equipment for the manufacture of war implements, educational orders for manufacturers, and advance planning for swift industrial mobilization.

**• Away From Johnston?—**Discussion on the fringes of the sessions centered on the direction of future policy, especially on how far the new president would

swing the organization from the preachments of Eric Johnston.

After four years in the driver's seat, Johnston makes a dramatic exit to Hollywood and the presidency of the Motion Picture Assn. of America, Inc. More than one of the chamber's conservative wheelhorses was heard to murmur that Hollywood was a more fitting arena for his talents.

**• Jackson Takes Over—**Johnston's successor as chamber president is William K. Jackson, vice-president and general counsel of the United Fruit Co. (see cover).

Jackson is not the type of man to go out of his way to pick an argument, and competing elements in the chamber expect him to negotiate acceptable compromises. However, all realize that the past is gone and that the chamber must come to terms with the future. Jackson made this view clear in his keynote address.

**• Final Fireworks—**Johnston's farewell address bristled with slang and metaphor, a final shower of fireworks typical of a strain that has endeared him to headline writers. Some samples:

"Capitalism provided the bread for the banquet, but it was considered crummy to be a capitalist. . . . Other systems strive to perpetuate themselves on promises; we pitch our standard on

formance. . . . We in business must realize or face the threat of economic stagnation. . . . Adapt or die; we can't stay away from destiny down some secret rabbit trail."

**Work Songs**—Old-timers received evidence that time and the Chamber of Commerce do change. First gen-

eral session of the convention was opened by a pageant which emphasized jobs and production.

Some saw this as a retort to that old rival, the National Assn. of Manufacturers, which went in for showmanship in a big way when it held its last convention.

## Retailers Walk a Tight Rope

Eager for price relief, but fearful of what might happen to them without OPA, they find it difficult to enunciate a policy for maintaining needed controls while moving toward full production.

Scratch a merchant these days on the subject of OPA, and he'll tell you that the problem of extending the price-control law (BW—Apr. 27 '46, p15) is a thing of schizophrenics of retailers and wholesalers.

**They Are Vulnerable**—No segment of business is in such a ticklish position as prices change as distribution. Located at the far end of the economic process, merchants hold the bag whenever a price break sends down the value of their inventories (even now, food wholesalers haven't forgotten how they were hit with high priced sugar after the war). Located closest to the consumer, merchants draw the full rancor of shoppers whenever prices move up. Parades of protesters protesting the high cost of living after the first World War (striations) still evoke shudders 26 years later.

But neither has sensitivity to prices driven retailers and wholesalers into the arms of OPA.

**How to Lose Friends**—Fairly sympathetic to OPA at the start, most retailers got uneasy when Leon Henderson, the first price administrator, irately booted retailers out of official OPA positions on the grounds that they were doing little more than increasing the profits of their buddies. Subsequent cost-of-living policies have further alienated merchants who claim that OPA curbs only the sweating stabilization out of the hides and that up to mid-April retailers alone have absorbed all of approximately 271 price increases.

This week, with OPA's extension up to the Senate, retailers and wholesalers tried hopefully to find a policy. They couldn't live with OPA, and they can't live without it.

**What They Want**—Reasonably unanimous opinion in the trade seemed to center on only three points:

(1) Retailers and wholesalers don't want to be classed with those who would be OPA entirely. That might cause consumers to yell about "profiteers."

(2) They don't want any price gyrations to threaten the value of inventories.

(3) They definitely want relief from price squeezes, plus enough profits for manufacturers so that the latter will get busy producing something for them to sell.

What this really adds up to is that most distributors are passably favorable to the House version of the OPA bill. They might back a considerably stronger price-control measure if the Senate will produce one, but few distributors vol-

untarily would go to bat for an agency that has handled them so roughly.

**What They Say**—With unions and organized consumer groups clamoring for extension of OPA in its present form, most retailers understandably have refrained from stating their views in public.

A handful of shopkeepers—usually clothiers—have advertised their unqualified approval of OPA as is, but the rest of the trade discounts these views as coming from merchants whose inventories are unusually susceptible to price changes.

Of the very few big stores that made any public statement, R. H. Macy & Co. was most notable in its adroitness and in its usual ability to make competitors hopping mad. In full pages last week, Macy's—over the signature of President Jack I. Strauss—asked "What does the largest store in the world think of OPA?" Macy's thinking, in short, is that there is "still danger today of an uncontrolled inflation" but "that OPA regulations must be so altered as to encourage full production."

What got competitors to the boiling



In 1920, consumers in New York (above) and elsewhere marched in protest against "profiteering" and the High Cost of Living. In 1946, unionists in Atlantic City (below) stage a typical demonstration on behalf of OPA to hold down prices, and the Black Market—a new lingo, but the same old plea.





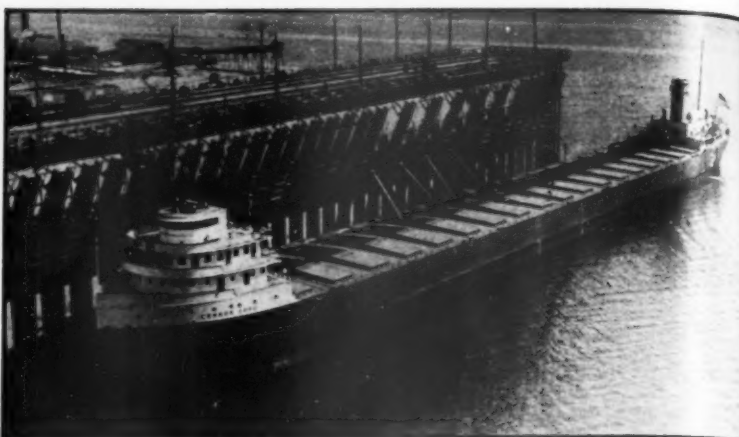
point was Macy's unabashed statement of what most retailers think, but with such deft phrasing that readers are sure to identify Macy's with bargain prices and fulsome sympathies for the consumer.

• **More Backing for OPA**—Be that as it may, the ad—including its reference to the alteration of regulations “to encourage full production”—just about summarized the consensus of retailers. Three days later Paul H. Nystrom, president of the Limited Price Variety Stores Assn., practically indorsed the House OPA bill, and two days later still the mighty American Retail Federation—superassociation of most retail trade associations—issued preliminary results of a ballot on the subject of proposed changes in OPA.

A.R.F.'s poll emphatically shows that retailers would abolish the Maximum Average Price Regulation, which was designed to stimulate production of low-end goods. MAP, in the opinion of retailers, “represents a piece of inept tinkering with intricate production policies and mechanisms and should be discarded.”

Next, cost absorptions should be repealed. “It was our idea,” claims A.R.F., “that any abnormal profit promptly would be taken by the government through the excess-profits tax and that the money properly would go to bearing the cost of war. Since expiration of the excess-profits tax, the question principally has involved a public relations problem and then only for those in higher profit brackets.” Moreover, the decrease in taxes is being counterbalanced by an increase in customer services.

• **Definite Limit Favored**—Third, A.R.F. poll indicates that a definite time limit



## CANADIAN ORE TO U. S. INDUSTRY

At Port Arthur's new dock, the steamer Benson Ford (above) takes on 12,000 tons of high-grade blast-furnace ore from Steep Rock Mines for Ford Motor Co. in Detroit. This was the first of an estimated 1,000,000 tons to be shipped this year from the recently opened ore deposits of northwestern Ontario. Engineers drained a lake (BW—Jan. 29 '44, p. 21) to make the ore accessible. The 30,000-ton capacity dock, which will enable all Steep Rock ore to be shipped practically from its source, will substantially cut travel time to the mills.

must be placed on OPA's life (preferably end of next March). Thereafter, if some commodities or services still are in short supply, control should be transferred to other government agencies. In the interim, “commodities or industries that attain production sufficient in the judgment of Congress to take the edge off critical demand and give fair assurance of steadily increasing production” should be decontrolled.

Finally, A.R.F. thinks that subsidies should be ended—but in an orderly manner, not just “pitched out the window.”

While such opinions do not put retailers (and most wholesalers) to think in similar terms) in the National Assn. of Manufacturers camp, they fail to identify merchants as bosoms of OPA.

• **On the Spot**—The distributive performance must put on a tight wire and nobody knows it better than they. If OPA can be relaxed enough to squeeze, if the public doesn't set too loudly, if prices don't gyrate enough to upset inventory evaluations—then distributors indeed will have bridged the chasm from war to peace.

Meanwhile, several plans are being worked out to take care of whatever situation arises.

If OPA is extended in abridged form, retailers are planning to assuage public sentiment over possible price increases by pointing out that low-end goods are sure to get into longer supply. Sales advertising of such items will be given will builders.

• **Voluntary Control?**—If OPA goes the window or is mangled beyond recognition, voluntary price-control (in for a while in pre-OPA days) will be revived. Already the National Retail Goods Assn. has established a committee for voluntary stabilization prices at all levels. Admittedly, tactics can't hope to cope with the cost-of-living index, but they can have effect on public opinion and probably force a few manufacturers' prices down.

But outright support of OPA in its present form by the industry is out of the question. OPA's political champions are coming home to roost.

**What does the largest store in the world think of the O.P.A.?**

**Macy's** New York

**What does the Textile Distributors Institute think of the O.P.A.?**

**The Textile Distributors Institute, Inc.**

Ever aware of consumers' sentiments, Macy's—like other big retailers—expresses its backing of OPA (with reservations) in page ads. And the textile distributors, ever aware of inventories, also climb on the price-control wagon.



# Dearer Money

Renewing an old struggle with the Treasury, the Federal Reserve Board moves to put a floor under interest rates.

Who is boss of the money markets—Treasury or the Federal Reserve? This is an old fight, and some of the details are pretty grubby, but the war will have a lot to do with determining how much it costs to service the \$5,000,000,000 national debt, how high insurance companies and other institutional investors earn on their money, and what happens to corporate and municipal bond prices in the near future.

For the past six months, a brisk tug-of-war has been going on in Washington with the Treasury at one end of the line and the Reserve Board at the other. The main issue in the argument is simply how far the government should go in driving down interest rates to facilitate debt management.

**Conflicting Approaches**—The Reserve Board is getting more and more worried about the inflationary effects of a low-interest, big-debt financing policy. It wants tighter controls over credit and a more effective program for selling government securities to individuals instead of to the commercial banks. It would like to put a floor under interest rates as well as the ceiling they already have by undertaking to support the market for government securities at par. Talking about higher interest rates for the Treasury, which manages the debt and does the government's borrowing, is like talking about dill pickles to a man with mumps. The Treasury says it

is concerned about inflation, too, but it is even more concerned about keeping the market hungry for its securities. It is carrying the debt at an average rate of less than 2%, and it wants plenty of elbow room in refunding maturing issues. Hence it has been perfectly happy to see buyers marking the government issues up to fancy premiums.

• **Preference Revoked**—The Reserve Board broke the stalemate last week by deciding abruptly to knock out the preferential discount rate of  $\frac{1}{4}\%$  on short-term government securities, a special wartime provision intended to give Treasury certificates a little extra appeal from a bank's point of view and thus help them to command higher prices (BW—Apr. 27 '46, p. 5).

The significance of this move is out of all proportion to its direct impact on credit. Member-bank borrowing from the federals doesn't amount to much these days. Bankers have become accustomed to sleeping on a comfortable mattress of excess reserves, and few of them ever took advantage of the  $\frac{1}{4}\%$  preference.

• **Effective Warning**—The big thing is that by taking even a mildly restrictive move, the Reserve Board has served notice on the market that it thinks interest rates have gone down far enough. For the present at least, that is all that is necessary to keep bond prices from getting out of line. The money market is almost unbelievably thinskinny, and a harsh look from the Reserve Board has as much effect on it as a club.

Wall Street was quick to note that the elimination of the preferential discount had the grudging approval of the Treasury. Less than three weeks before, Secretary Fred M. Vinson had told a congressional committee that he wanted to keep the special rate, but when the Reserve Board forced the issue, he de-

cided not to make a fight of it. As the Street sees it, this means that Vinson will settle for a rate structure that runs from  $\frac{1}{4}\%$  for one year to  $\frac{7}{8}\%$  for 20 years, and won't ask anything lower.

• **An Older Battle**—Old-timers watching the tussle between Vinson and Chairman Marriner S. Eccles remembered that not quite 19 years ago the Treasury had another run-in with the Reserve System. Then—in the summer of 1927—the Treasury won, and the results have had a lot to do with the role that the government has played in the money market ever since.

Crusty old Andrew Mellon was secretary then. Coolidge was President. The stock market—which didn't know yet that it was slated to grow up into the Big Bull Market of 1929—was weaving uncertainly. England was having trouble with heavy exports of gold, which threatened to force a deflation.

• **The Winner**—Mellon decided that the rediscount rate—then 4% throughout the system—should be lowered, partly to help England out and partly to give the stock market and business in general a pat on the back. The Reserve Board was dubious, and the directors of the Chicago Reserve Bank, sparked by pudgy, fiery-tongued George M. Reynolds of the Continental National, were downright mutinous.

Mellon and the Reserve Board went out behind the Administration woodshed, and when the dust had settled, the country—Chicago included—was on a  $3\frac{1}{2}\%$  rediscount basis. Since then, the Treasury has been calling the monetary tune whenever it wanted to, and the Reserve Board has fiddled as well as it could.

• **Treasury Still Dominant**—The Reserve Board's little victory last week doesn't wipe out the effects of the old surrender. The Treasury will continue



seventeen years ago, Treasury Secretary Andrew Mellon (left) crammed a cut in the rediscount rate down the throat of the Federal Reserve System, even though George M. Reynolds (left, center), director of the Chicago Federal, and some others were the kind who swal-

lowed hard. Last week, Federal Reserve Board Chairman Marriner S. Eccles (right) put something on the other side of the scoreboard when he out-talked Secretary Fred M. Vinson (right, center) and bucked up the discount rate on short-term government securities.

to be top dog—at least whenever the federal debt is involved, and these days there are few aspects of money-market management in which the federal debt is not involved. But from now on, it will be hard to find an audience for the theory that government bond prices will keep on going up and up without limit and that the Reserve Banks will be compelled to support them all the way.

As it happened, the Reserve Board's announcement came just at a time when many misguided investors were expecting the federalists to step in and give the market a boost. Government bond prices, which had hit an all-time record early in April, were slipping back (BW—Apr. 27 '46, p. 110), dragging the municipalities and corporates with them. The sudden end of the preferential rate and its bearish implications gave them another strong nudge downward (p. 98).

• **Area of Maneuver**—Where the market goes from here is anybody's guess—which is just the way Reserve authorities want it to be. Traders can be sure that the federalists will support all government issues at par, as they are pledged to do. And they can be fairly sure that if the market gets back up to the levels of early April (when the Victory 2½s of 1967-1972 sold for a 6½ point premium), it will get another calldown from the authorities.

From now on, the trick in government bond trading will consist primarily of bouncing around between the floor and the ceiling without getting bruised.

## WAR CONTRACTS SETTLED

In its final report for 1945, the Office of Contract Settlement predicted that it would be able to wind up its work by the end of next June (Feb. 2 '46, p. 22). In its report for the first quarter of 1946, just released, it repeats the forecast and hauls out the figures to prove it. According to OCS, after the middle of the year the Army and Navy will be able to make any remaining payments without supervision.

OCS reports that all but 23,900 (or about 8%) of the 312,000 prime contracts terminated since the beginning of the war have been settled. Dollar-wise, the unsettled contracts represent \$24,300,000,000 in canceled commitments out of total cancellations of \$64,400,000,000. OCS figures that in terms of actual claims, the unsettled contracts will sweat down to about \$3,600,000,000. Since, \$1,200,000,000 already has been paid over to contractors in partial payments and advances, additional payments will come to roughly \$2,400,000,000.

Most of the remaining contracts are the big ones. About \$8,000,000,000 in fixed-price commitments (60% of the total unsettled) is covered by the contracts of 30 companies.

## Hughes Rebels

**Producer of "The Outlaw" sues Hays office for \$5,000,000, and calls it group boycott operating to restrain trade.**

Eric Johnston's legacy of trouble from taking over the reins of the movie industry from Will H. Hays now includes a rebellion in his own back yard.

Last week in New York, Howard Hughes, wealthy sportsman, aircraft and tool manufacturer, and movie producer, sued Johnston's Motion Picture Assn. of America for \$5,000,000 damages attributed to the association's interference with his attempts to exhibit "The Outlaw," a glorified horse opera which cost close to \$3,000,000 in 1941.

• **Approval Denied**—In its original form, "The Outlaw" was denied the seal of approval of the so-called Hays office because of sequences exposing too vividly the physical attractions of the featured player, Jane Russell. When the

picture was modified, it was approved. The film opened recently in San Francisco and several other cities.

The association this time objected to the advertising and exploitation of "The Outlaw" as a violation of the industry's self-imposed standards of good taste.

• **Film Is Seized**—Ordered to stand as a member of the M.P.A.A., Hughes resigned in a huff, obtained an injunction restraining the association from interfering with his advertising and from revoking its seal of approval, and filed the damage suit. He added, to impress, his belief that the association was a group boycott operating in violation of the antitrust laws.

Alerted by the wrangle, San Francisco police seized the film after one day and arrested the theater manager on charges of exhibiting an indecent and immoral film. His trial will decide whether the picture may be shown in the city.

From current box-office figures and the publicity accruing from his troubles with the film, Hughes expects the picture to gross \$6,000,000.

## Treasuries Depress Municipals and Corporates

The current dip in government bond prices has had repercussions in other security markets, as disclosed. Dow-Jones municipal bond yield index, for example, reflected the sharp weakness resulting in that field by rising last week from a 1.37% to a 1.47% level. Some recent new bond

offerings, already moving slowly because of a buyers' "strike" against the previous trend of yields toward even lower levels (BW—Apr. 13 '46, p. 48), have likewise turned even stickier. Not immune, either, have been many of the Big Board-traded "money-rate" bonds.

### RECENT NEW BOND OFFERINGS

	% of Par Paid Company For Issue	Original Offering Price	Last Week's Market	
			Bid	Asked
Great Northern Railway 2½s, 1961..	99.279%	100%	97½	97½
Great Northern Railway 2½s, 1982..	*98.071	101.14	99	99½
Great Northern Railway 2½s, 2010..	*98.071	96½	91½	92½
Shell Union Oil 2½s, 1970.....	100½	101½	99½	99½
Southern Pacific 2½s, 1996.....	99.52	100	95½	95½
Southern Pacific 2½s, 1961.....	98.319	98½	96	96½
Union Pacific 2½s, 1991.....	101.27	102.19	99½	100½

### BIG BOARD-TRADED "MONEY RATE" BONDS

	1946 High (in % of Par)	Last Week's Price
American Tel. & Tel. 2½s, 1975.....	107½%	104½%
Armour & Co. 3½s, 1964.....	108	105
Atch., Topeka & Santa Fe 4s, 1995.....	141	136
Chesapeake & Ohio 4½s, 1992.....	151½	148
Consumers Power 2½s, 1975.....	108½	105½
Michigan Cons. Gas 3½s, 1969.....	113	109½
N. Y. Central & Hud. River 3½s, 1997.....	114½	105½
N. Y. City Unification 3s, 1980.....	125½	122½
N. Y. Steam 3½s, 1963.....	108½	104½
Pennsylvania R. R. 4½s, 1984.....	135½	125½
Reading Co. 3½s, 1995.....	105½	101½
Virginia Ry. 3s, 1995.....	113	109

\* Basket bid made for the issues which were offered simultaneously.

# Shock Absorbers

WAA economists devise ways to cushion impact of surplus sales on producing industry. Moving into capital goods.

The impact men are moving in on the sales of war surplus producers goods.

The impact men are economists whose job it is to figure out whether any particular War Assets Administration operation will have a "negative impact" on the economy—and if it will, what to do about it. Officially known as the Economic & Markets Research Division of WAA, they are headed by N. Gregory Silvermaster, an economist who came to WAA from the Farm Security Administration, where, as head of the Labor Division, he had charge of setting up FSA's migratory worker camps for the "Okies."

The impact men have been operating for some time on consumer goods, but they are just now setting up an organization to deal with sales of capital goods. The way they work on consumer goods is illustrated by a few examples:

• **Flameless Cigarette Lighters**—Last fall, 660,000 Lektrolite lighter kits were turned over to WAA for disposal. The manufacturer heard about it and hurried to WAA. He pointed out that he had been back in production only a few months and was producing about 100,000 lighters a month, argued that dumping a million of them would blanket his market, and asked that the lighters be turned over to him for gradual disposal.

The impact men made a market analysis and decided that the Christmas market could absorb about 2,000,000 of the lighters—enough to take care of the surplus stock plus the manufacturers' production up to that time. WAA turned down the producer's plea (BW—Apr. 27 '46, p. 80).

• **Fire Extinguishers**—Surplus stocks of a particular type of fire extinguisher amounted to about three years' normal production. The impact men agreed with the industry that they couldn't be sold through normal channels without destroying the market.

But Silvermaster recalled that the Dept. of Agriculture for years has been promoting a farm safety program. Department figures showed that only a negligible fraction of farms has ever bought fire extinguishers. The entire stock, therefore, is being channeled into the farm market—with special price concessions and Agriculture Dept. promotion. In addition to protecting the industry's normal market, WAA surmises that this move may have opened up a potential future market.



## BIG HOLE FOR METROPOLITAN HOUSING

Man-made wreckage—but with peaceful intent—scars the 72 acres in the Gas House district on Manhattan's famed East Side where Stuyvesant Town will one day stand. Blocks of tenements and lofts are going down as Metropolitan Life Insurance Co. pushes through its multimillion-dollar project to house some 24,000 at low rentals—about \$14 a room (BW—Sep. 23 '44, p. 64). Although the site will house twice as many people as before, only 25% of the area will be covered with construction, which is slated for completion by late 1948. The company classifies such projects among its better-paying investments.

• **Surgical Instruments**—WAA feared that sale of surplus stocks of surgical instruments, equivalent to about two years' production, would cripple the small producing industry, which is considered essential to the national defense and has an excellent war record. The impact men worked out a program to sell half the surplus abroad; to reserve 25% for sale to an estimated 20,000 doctor veterans and 10,000 dentist veterans who are setting up in practice for the first time; and to reserve the remaining 25% for use in expansion of public health centers.

Most impact problems get to Silvermaster's crew in normal course. When the WAA operating men set up a sales program for any substantial lot of surplus, they must clear with the impact men. Introduction of this step in the capital goods field is causing some complaints of delay and red tape on the part of would-be buyers.

• **Market Is Key Factor**—Any manufacturer who learns—as most of them manage to—that a quantity of his product is being surplus, and who fears that this will hurt his normal sales, can also go to the impact men for help.

The prime question in any such case will be the extent of the existing market. If convinced that there is a present market for both the surplus and current output, the impact people are not impressed by any desire to reserve the existing demand as a backlog against

future production. They argue, in such cases, the importance of getting surpluses out of the way while they can still aid in relieving shortages and soaking up inflationary money.

But if the market actually can't absorb the surplus without real interference with new production, WAA is prepared to protect the producer in one way or another even though it means getting a smaller return for the surplus.

• **Speedy Disposal**—First suggestion that most producers make is that the goods be turned over to them for distribution. WAA won't subscribe to this as a device to hold goods off the market or trickle them out gradually (BW—Jan. 26 '46, p. 88). Officials there are convinced that the longer a surplus is held the more of a problem it becomes.

It's true that surpluses sometimes are turned over to the producer—usually on long-term credits that amount to a consignment basis. But it's done when it will speed disposal rather than delay it. The condition for considering this type of disposal is that the original manufacturer has the best facilities for converting the goods to civil use or has unusually good distribution facilities.

• **Seek New Markets**—A while ago, for instance, WAA turned back to the maker about 60,000 ten-ton hydraulic brakes, for which there was practically no market, to be converted for use as four-ton brakes, greatly in demand.

What WAA likes best to do in an



impact situation is to find a domestic market for the surplus which, because of price or other factors, is normally closed to the commercial product—fire extinguishers on farms. This is the sort of thing for which there are no rules. It calls for imagination on the part of the impact men and of the industry. Silvermaster is proud of the success his people have had with a number of tough situations.

Failing this, the usual alternative is to sell the goods abroad.

• **Fears Unrealized**—So far, “negative impact” is proving a much less serious matter than most businessmen feared during the war. WAA officials are confident that something like 90% of war surplus could be handled without impact—if it could be disposed of this year, while shortages still exist. Meanwhile Silvermaster tries to deal with the troublesome 10%—and to brace himself for the tough problem that WAA will face next year in getting rid of whatever surpluses are left and doing it without upsetting the applecart.

## Warming Outlook

**Oil heat industry views future confidently, anticipating a big share of accumulated demand for automatic equipment.**

Surveys show that accumulated demand today for some type of automatic heating equipment is approximately equal to the number of existing installations, with the coming residential building boom certain to expand it still further. This situation presages an all-out battle among manufacturers of the three types of automatic heating equipment—oil burners, gas heaters, and coal stokers—for the lion's share of this huge market as soon as the material shortage problem can be overcome.

Manufacturers attending the 23rd annual National Oil Heat Exposition in Philadelphia last week were practically unanimous in their belief that the final outcome of the struggle was in the bag for oil burners.

• **Mounting Popularity**—Oil heat has made tremendous strides in the past 15 years, its upsurge being interrupted only in part by the war. At the end of 1930 there were only 648,000 units in operation. The million mark was passed in 1934, and at the end of 1945 the figure was 2,525,655.

Biggest year was 1941, with 333,250 installations having a retail value of \$113,546,000. Low for the 15-year period was 1943—33,445 sales valued at \$5,283,300. The end of the war permitted a rebound in 1945 to 145,596 installations with a retail value of \$49,-

245,200. In the next five years, the Oil Heat Institute expects home-owners to purchase at least 4,500,000 oil burners costing more than \$900,000,000.

• **Growing Pains**—One of the big problems of oil heating's early years—inefficient installations and inadequate service facilities—is well on the way to being licked. O.H.I. members recall with shudders the industry's experience in Philadelphia in the thirties. Several builders erected good-sized developments with oil heat, made their own installations instead of hiring experts, and bungled the job. Only a handful operated efficiently, adequate service facilities weren't available, and the word got

## For Cosmic Warfare, a Microcosmic Test

Little Bikini, a 50-ft.-square puddle built by the Navy at the David Taylor model basin near Washington, D. C., for about \$50, is an unimpressive spot where tests with 3½-lb. charges of TNT and 25-in. model Victory ships are being used to suggest what A-bombs may do to future navies. This is the first picture released and was taken with the approval of Rear Admiral W. H. P. Blandy, commander of Joint Task Force 1, who is directing Operation Crossroads.

The column of water was thrown about 35 ft. high by a charge placed just below the surface, a depth equal to 60 ft. below in the real test. The charge is the equivalent of roughly 20,000 tons of TNT or one A-bomb, and the water's depth, 1 ft at this point, represents in scale the 220-ft.-deep lagoon in the Marshall Islands where the surface test will occur sometime this summer.

The model ship, also on a 1/220 scale, is made of thin brass with



screen mesh for ribs. It is weighted with lead for ballast, weighs 1,800 grams, and represents a Victory merchantship. Placed about 10 ft. from the charge, it showed little damage in this test.

Object of the Little Bikini tests is to determine how to load and space the ships at the real Bikini tests so that the maximum amount of information can be obtained for the \$150,000,000 which the Navy estimates the operation will cost. It is important to find out, for example, how to ballast the Bikini fleet for greatest resistance to capsizing.

Scores of tests for the A-bomb demonstration have been made at Little Bikini since it was built last September. The Navy cautiously began on a 1 to 660 scale and is now preparing to edge up to a 1 to 36 scale. Still a top secret is the exact distance the model ship can approach these TNT tests without being shattered.



around with startling rapidity. For the next two years, so the story goes, selling oil burners in Philadelphia was about as tough as selling cats to a dog fancier.

Today most manufacturers see to it that trained men supervise all installations. And in a growing number of cases, fuel oil suppliers maintain repair departments that operate on an annual contract basis with customers, providing semiannual inspection and 24-hour repair service for a fixed yearly fee.

• **No Fear of Shortage**—O.H.I. has wads of statistics to prove that oil burners are the answer to homeowners' automatic heat problems. To scoffers who point to the possibility of exhausting the U.S.





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A modified oil burner pot (left) developed by Socony-Vacuum is reported capable of burning any fuel oil, including the new catalytic oil. The pot has a fire clay covering on the bottom, a metallic shield between flame and oil, and extended air ducts on the lip. These protect oil from cracking while being vaporized, premix it thoroughly with primary air.

petroleum supply, the institute retorts with the assurance of oil men that there still remains as much undiscovered oil in the country as has been discovered up to now. Wallace E. Pratt, retired vice-president of Standard Oil of N. J., has gone on record with a statement that ultimate oil reserves at present consumption levels should meet the world's needs for over 300 years. O.H.I. also cites American Petroleum Institute figures showing that proved oil reserves at the end of 1944 were nearly 20,500,000,000 bbl., largest in history and 10% greater than at the end of 1939, before military demand became a factor.

Since no discussion of the comparative merits of fuels would be complete without considering cost, O.H.I. puts it this way: One gallon of fuel oil contains 143,000 B.t.u. To get the same heat potential in other fuels you would need 12 lb. of coal, 143 cu. ft. of natural gas, 286 cu. ft. of manufactured gas. In addition, O.H.I. says, oil and gas burners are more efficient than coal furnaces.

• **Cost Comparisons**—Assuming the per-gallon cost of fuel oil to be from 8¢ to 10¢, the institute asserts that coal would have to sell at from \$9.00 to \$11.50 a ton, natural gas from 56¢ to 70¢ per 1,000 cu. ft., manufactured gas from 28¢

to 35¢ per 1,000 cu. ft. to achieve equivalent economy, and invites homeowners' comparison with actual prices in their communities to determine which form of heat is cheapest.

One phase of the petroleum situation which is causing concern not only among oil burner manufacturers, but among home owners as well, is the expansion of catalytic cracking at refineries. The big question is whether these cracked products will be as efficient in existing burners.

• **Standard's Answer**—Nub of the problem is that the catalytic oils tend to break down more readily under heat into their constituent carbon and hydrogen atoms than the ordinary distillate fuel oil. Hence they require more thorough mixture with air before combustion begins in order to prevent free carbon from escaping as smoke or soot—something to be considered in the light of antismoke ordinances in cities.

Socony-Vacuum Oil Co. presented its solution of the problem this week when it made available to the industry, without charge, designs for a burner modification which, it asserts, will permit users to utilize with increased efficiency all types of home heating oils. Principles on which the modification is based are applicable to all types of home burners, the changeover requiring merely the substitution of a modified fire pot for the existing pot.

## TO TEST RADIO RELAY

Looking to future inauguration of short-wave radio relays to supplement wire hookups between domestic broadcast stations, Press Wireless, Inc., shortly will begin nationwide experiments in conjunction with the Federal Communications Commission. Such relay operations are now confined to international pickups.

Company engineers and FCC technicians met this week to map the experiments. Press Wireless has been authorized by the commission to use its regular short-wave press-message transmitters at Hicksville, N. Y., and Los Angeles to beam standard radio programs to broadcast stations in assigned areas throughout the country. The stations will join FCC in making technical observations and report their findings after two months of authorized transmissions. No receiving stations may rebroadcast the experimental programs.

Although American Telephone & Telegraph Co., General Electric Co., International Business Machines Corp., Raytheon Mfg. Co., Western Union, and other companies have been authorized in the past two years to conduct various experimental ultrahigh frequency radio relay operations, the experiment Press Wireless will carry out is the first to be authorized which will

use the established commercial facilities.

Press Wireless officials predict that the tests will prove feasibility of using short-wave radio relays instead of telephone lines to transmit radio programs across country.

## By Rail or Air?

Post Office would speed both mail services. Railroads want airlines to carry more of less profitable classes.

The railroads came out fighting last week at a meeting in Chicago called by Gael E. Sullivan, second assistant postmaster general. Principal job of the second assistant is transportation of mail.

Sullivan, who got his political training as right bower to Mayor Edward J. Kelly of Chicago, now shows every indication that he is set to make a mark



## SHIFT AT CHASE

New president of New York's Chase National Bank—second largest non-governmental bank in the world—is Arthur W. McCain (above), who succeeds H. Donald Campbell, now vice-chairman of the board. A native of Arkansas, 52-year-old McCain formerly worked in South America for National City Bank and First National Bank of Boston. His 17 years with Chase include vice-presidencies in both the foreign and the commercial banking departments.

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## Why they bring the cook up front

**M**EN whose business depends on appetites know that the *sight* of food has powerful appeal. Who can pass by a scene like this without a mouth-watering sensation?

In fact, laboratory experiments show that the best way to stimulate the salivary glands—"mouth watering"—is by a *display* of appetizing-looking foods.

*Visibility* makes the appetite appeal of a product its best salesman.

Du Pont Cellophane packaging gives you this vital sales help, along with moistureproof protection for freshness and flavor, *at lowest cost*.

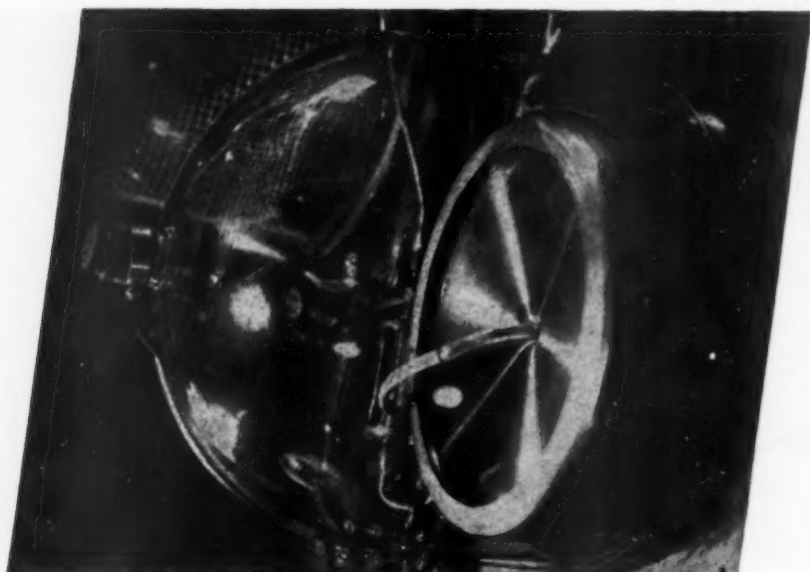
Although the demand for Du Pont Cellophane still exceeds the supply, we hope the day is now not far off when there will be enough to enable our converters and ourselves to meet all your needs. E. I. du Pont de Nemours & Co. (Inc.), Cellophane Division, Wilmington 98, Delaware.



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## "CRYSTAL BALL"

*to help plan future business*

No fortune-teller's crystal, this, but a laboratory model of a DPI high-vacuum molecular still. This "crystal ball" has forecast the fortune of many a once worthless substance, by reclaiming precious oil fractions separable in no other way.

The bell-jar still, and its commercial prototypes now in production-line use at DPI, represent a wealth of research experience in high-vacuum technology—experience and scientific data you may be able to use in making plans for your future business or product improvement. Because DPI research means:

### 1. Pioneering in the use of molecular distillation.

Many substances "undistillable" before—waxes, heavy oils and fats—come apart magically in the molecular stills, yielding fractions often more valuable than the parent substances.

### 2. Exploring the production and use of high vacuum.

By using vacuums up to one ten-billionth the density of air, original research in high-vacuum chemistry has created entirely new types of equipment for many uses: high-vacuum stills, pumps and gauges, special oils and lens-coating equipment—with more to come as more uses are found for high vacuum in research and industry.

### 3. Expanding the knowledge of the vitamins.

A major part of DPI operation is the high-vacuum distillation of bland, stable concentrates of vitamin A and E. Much of what is now known about these vitamins has originated from DPI research—a continuing source of up-to-date information that many DPI customers have found useful. DPI invites your inquiry on any count in which its experience can be helpful to you.

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## Story of a Monopoly

Among the double-handful of billion dollar businesses in the U. S. is its Post Office Dept. In fiscal 1945, its total sales volume was \$1,314,959,000 and its net \$162,642,000, which was turned over to the Treasury. This meant a per capita sale of \$9.52 contrasted with \$5.84 in 1940 and 20¢ in 1850.

While enjoying advantages of a monopoly, the Post Office has many burdens which a private corporation would not be forced to assume. Of the 20 services it offers, only one—first class mail—makes a profit. Representing 46.8%, it makes up the deficit for the other 19 services which do 53.2% of the business.

Here are the details of its 1945 operations:

Service	No. Transactions (000 omitted)	% Total Income
First class .....	19,926,400	46.8%
Second class .....	5,521,900	2.2
Third class .....	5,446,200	5.8
Fourth class .....	1,028,300	17.6
Air mail—domestic	876,000	6.2
Air mail—foreign	1,611,800	8.4
Other foreign mail	326,600	1.1
Registered mail...	106,734	2.0
Special delivery...	120,579	1.2
Other services....	3,997,667	11.9
Total .....	38,734,867	100.0

for himself by speeding up this basic activity of the United States Post Office.

• Brought Air Mail Down—First recipients of his attentions when he took office last fall were the airlines. He bludgeoned down the rates they charged the government from 60¢ per ton mile to 45¢. Air-mail contract holders agreed that the figure might very well have turned out to be 32¢. Sullivan's original demand, had not their Air Transport Assn. thrown all of its resources into the fray.

Once the new carrier rate had been achieved, the department and the A.T.A. joined forces to push for a domestic air-mail rate of 5¢ per oz. So successful was their lobby that they count this battle won, though the bill is yet to be passed. They are already figuring how to accomplish their next step, 4¢ air mail. And, well this side of the horizon, they see their ultimate goal—the transportation of all first class mail by air at the regular domestic postage rate whether it is then 3¢ or even only 2¢.

But, for this happy ending they are realistically waiting until allweather flying becomes a matter of course. Airlines pushed through 93.8% of mail cargo



schedule according to the Post Office's last efficiency rating.

**Railroads Open Fire**—To counteract the swing toward air transport, the railroads wheeled up as their big gun at Chicago Fred G. Gurley, president of Santa Fe. As a convincer, he cited comparative volume and costs of the major methods of carrying mail in 1944 as follows (000,000 omitted):

	Lb. of First Class or Air Mail	Cost to Post Office
Roads .....	403	\$21
Air .....	34	28

Pet squawk of the rails is that they carried over 92% of the total first class air mail combined, for this service received less than 43% of what the Post Office paid.

To railroads it looks as though the government is subsidizing a more expensive means of transportation. They want the customer to pay the extra cost. If the airlines are to get a larger piece of the first class mail pie, say roaders, let them also fly more of the less profitable types (box, page 26). And they pooh-pooh air enthusiasts' claims of speeding up the mails. Most times, they point out, travel relatively short distances, and there is no time advantage to the addressee whether a letter arrives on a 10 p.m. plane or a 11 a.m. train. They do not underestimate the saving of a day on a delivery of long-haul mail.

**Long or Short Hauls?**—Thus far the Post Office emphasizes that it is thinking of all-airline service only for distances exceeding 300 mi. Many airborne letters have to go part way by train. Post Office studies show that if all 20,000,000 pieces of first class mail sent by air where contract routes exist, linkage of railroad revenues would be \$12,000,000, and this loss would probably be wiped out by increased use of the mails.

## AGE TAX VS. BALLOT

Philadelphia's 1% wage tax on the earnings of residents was upheld again last week, but the issue was somewhat different from that in preceding suits (W-Jan.13'45,p48). A state employee suing in Harrisburg, since 1940, still registered for voting purposes in Philadelphia, sought to avoid payment of \$6.19 back levies and penalties on \$6,000 salary.

Elmer Transeau, director of the State Bureau of Public Safety, was found, in common pleas court, to be a resident of Philadelphia and therefore subject to the tax. The court sharply criticized Transeau's efforts to avoid payment. Transeau admitted registering to Philadelphia to vote.

This new ruling may affect the tax status of several hundred state employees.

**FOR THRIFTY CARE OF WAXED FLOORS**

**DRY CLEAN AND POLISH IN ONE OPERATION**

*With the Steel-Wool Pad that's Welded!*

Steel-wooling provides a simple means of keeping waxed floors at their cleanest, lustrous best in between periodic refinishing. This method, in a single operation, dry cleans and polishes the floors to new brightness, and to a safer, wear-resisting finish.

Steel-wooling is indeed an economy, but one that can be extended still further by using a pad that's welded! *Welded construction* allows the pad to wear evenly, hence slowly, and prevents shredding and bunching of the pad. This type of construction *gets all the wear out of all the material!* In fact, actual tests prove that the *Finnell Welded Pad* wears three to four times longer than pads of ordinary design. And because it assures uniform contact, the *Welded Pad* must and does do a finer job faster.

Finnell Pads are self-adjusting, and can be used on any fibre brush, with any disc-type machine. Seven sizes, four grades. For consultation or literature on *Finnell Pads, Waxes, and Maintenance Machines*, phone or write nearest *Finnell* branch or *Finnell System, Inc.*, 3805 East Street, Elkhart, Indiana. Canadian Office: Ottawa, Ontario.



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A 'Budgit' Electric Hoist—and a man free from fear of rupture, strain and over-fatigue—make a team that produces more at less cost.

The heavy lifting is done by the 'Budgit' with no more effort on the man's part than opening his lunch kit. His entire energy and strength go into the work.

The cost of current is small enough to be negligible. Installation is easy. You simply hang up, plug in and use. Modern design, anti-friction bearings and other mechanical improvements enable the 'Budgit' to lift quickly and easily.

Check your plant now for spots where 'Budgit' Hoists would enable you to cut costs—and keep your workmen happier.



'Budgit' Portable Electric Hoists are built to lift 250, 500, 1000, 2000 and 4000 lbs. Prices start at \$119. Write for Bulletin No. 371.



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*Hoists*

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# AUTOMOBILES

## Scarab II

Stout unveils new version of rear-engine automobile, this time with plastic body. Design changes may trim weight.

The newest postwar automobile to break out of the planning departments was unveiled late this week in Dearborn, Mich., where William B. Stout was host at a showing of his 1946 model, a refined, plastic-bodied version of the Scarab he built a decade ago.

• **Far From Production**—Attracting the most attention were the laminated plastic body sections made by Owens-Corning Fiberglas Corp. of Newark, Ohio. One big section included floor, roof, sides, and ends. Others made up doors, hood, and fenders. In case of puncturing any section in an accident (bending is nearly impossible) a new section of Fiberglas is fitted to the hole, fused under 240 F, and painted over.

But this plastic car, first of the many which have been talked about, is far away from production. Its costs are much higher than those of steel, and production today can be accomplished hardly faster than custom body building. But Stout hopes that within the next 18 months or so, faster output and lower cost will be possible.

• **May Use Skinner Engine**—Meanwhile, another riddle revolved around who might build the car. Stout is employed by Consolidated-Vultee Aircraft Corp., and is on loan to Graham-Paige

Motors Corp. and its partly owned affiliate, Kaiser-Frazer Corp. Convair and Graham-Paige each have manufacturing rights as has Stout himself. And Owens-Corning controls the Fiberglas.

Still another company has a share in the job. The Skinner engine built by Jack & Heintz Precision Industries (BW-Oct.13'45,p66) is earmarked for installation in the Stout job. Built in 100-hp. size, it is expected to reduce total weight by about 400 lb. from the present model's rear-engine installation of a Ford V-8 powerplant, the size which drove the original Scarab.

• **Seeks Lighter Body**—Stout anticipates that another 600 lb. or so can be taken from production models by halving the thickness of present Fiberglas body sections, now  $\frac{1}{2}$  in. to  $\frac{3}{4}$  in. thick. Tensile strength, he believes, is more than sufficient for this reduction.

If both these savings are realized, the Stout 1946 model would weigh around 2,300 lb. Gasoline savings at the weight level, using the pancake-type opposed-cylinder Skinner engine, is promised by Stout as "most considerable."

Other innovations are included in the development of the Dearborn design. Springs in his new car, for instance, are air-operated, compressing under bumps, then recoiling slowly.

• **Movable Seats**—Inside, the car is 6 ft. wide and 11 ft. long. The driver's seat is fixed, but other individual seats may be installed and moved around as desired. The rear couch unfolds, put in man fashion, to become a bed. The wheelbase is long, 137 in., made possible by locating the wheels close



Innovation in the automobile field is a plastic-bodied car, a model of which was shown this week by William Stout (above). Its debut set Detroit buzzing as to a possible manufacturer—and how he could cut production costs.

the body ends, but over-all length of 100 in. is about the same as a popular priced car.

Front windshields curve far back before they end in vertical posts, vastly increasing the driver's vision. The rear window is vertical, sunk into a well covered by a grille which carries out the body line and permits an air intake to the engine.

## In New Car Derby

**Darrin of Hollywood will have custom sports convertible assembled soon. Tucker Torpedo appears to be marking time.**

To Detroit, ever alert to cars and rumors of cars, the Tucker Torpedo (BW—Jan.26'46,p18) at the moment looks like a near-miss. Whatever its future may be, it definitely is not yet a contender in the race to turn out new autos.

Howard Darrin's car, on the other hand, is much less of a Hollywood mystery than it was three months ago (BW—Jan.26'46,p18). A custom sports convertible, strictly for the carriage trade, is being built to Darrin's specifications. He expects to have his first car ready in a couple of weeks, to make 500 this year, and to approach the 1,000 mark in eight months.

**Without a Plant**—Tucker Corp., organized by Preston Tucker of Ypsilanti,

Mich., still has no plant in which to build an auto of any kind. Nothing has come of the reported efforts to obtain the government-owned Dodge-Chicago plant (BW—Feb.23'46,p28).

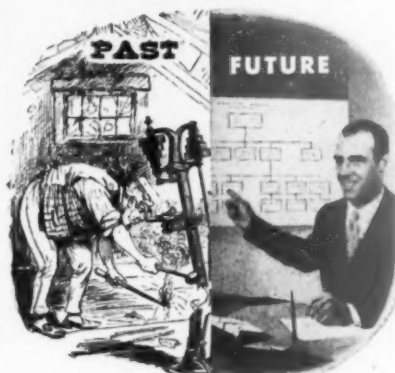
Another negative signpost has been the recent resignation of two top executives from the Tucker organization. Joseph W. Burke, one-time truck sales manager of Dodge, has resigned as Tucker sales manager, without announcing any future plans. Eugene L. Reason, former Chrysler purchasing agent, has left the post of vice-president in charge of purchases for Tucker to go with Kaiser-Frazer Corp.

• **SEC Inquiries**—Interest in what designer Darrin is doing on the West Coast and elsewhere was stimulated by reports that Hayes Mfg. Corp. of Grand Rapids, Mich., was sponsoring a new car, and that it would be similar to designs which that company had fabricated for Kaiser-Frazer. The story, published in a Detroit newspaper, boosted Hayes stock about two points, and resulted in some questions at a Securities & Exchange Commission hearing.

Rensselaer W. Clark, president of Hayes Mfg. Corp., told SEC counsel that he had authorized no statement, that his company was interested in a car blueprinted in Hollywood "by a man named Darrin who designed the Kaiser-Frazer car." "It's all nebulous," he added.

• **Darrin's Version**—In Hollywood, Darrin told the press last week that Hayes Mfg. Corp. would supply parts for his car, that Continental Motors would

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## LONG AND SHORT OF IT: CROSELY MEETS CROSELY

In study in nonchalant satisfaction, 6 ft. 4 in. Powell Crosley, Jr. (right), leans on elbow on the first production-line postwar Crosley car. In so doing he dwarfs its midget dimensions—over-all height 57 in. The long-heralded aluminum car with the lightweight Taylor engine (BW—Jan.19'46,p21) is the first of the new "light" automobiles to complete the assembly-line circuit.





## what would field research say about **YOUR** letterhead?

A young company that gets around, James O. Peck Company, two years old, covers the country with thorough-going surveys in industrial field research. The Peck Company makes it their business to know the **WHY** of sales acceptance by getting the *customers'* viewpoints and practices. Actual conditions to be met in the prospective market are thus the basis for marketing and sales counsel.

The James O. Peck Company are represented by competent personnel...and an effective letterhead on Strathmore Paper. You, too, should use a quality letterhead that says *competence* for your company. The Strathmore watermark is your assurance of quality.

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# STRATHMORE MAKERS OF FINE PAPERS

Strathmore Paper Company, West Springfield, Massachusetts

supply the six-cylinder, 90-hp. engine. Darrin said that he would build the chassis (of steel) and the body (of Fiberglas), and would complete the assembly in Hollywood. Vantco Corp. is handling the production engineering.

Color films of a Darrin chassis on the road were used to demonstrate "sway-proof" characteristics of a unit in which chassis and body are designed as one.

Gadgets of the Darrin car will include automatic controls that raise it on hydraulic jacks, adjust the seats, and raise or lower a rear window.

• **Whose Money?**—Darrin says that "several large money groups" are behind him. Questioned last week concerning reports that Allied Stores Corp. was interested and would market the Darrin car through its retail outlets, Darrin said, "There's no definite tie-up."

While indicating displeasure over reports that Lehman Bros. money was behind him, Darrin refused to deny it.

Reputedly Darrin has been a bit edgy since receiving a not-subtle admonition from one backer that a little more silence might be a good thing.

## AUTO MARKET ANALYZED

Today's replacement market for automobiles is shown as at least 5,400,000 units, and probably upwards of 7,500,000 in a new tabulation on car scrappage released by R. L. Polk & Co., Detroit. The former figure is the number of cars not re-registered at the end of 1944 and hence presumed to have been scrapped.

The statistical agency's method of computation was to add to the 15,350,038 cars in use in 1924 the 46,704,898 units sold during the succeeding 20 years. From this total of 62,054,936 were subtracted the 24,099,646 cars in use at the end of 1944, the result showing scrappage in the intervening period of 37,955,290, an average of 1,897,764, or 7.5%, per year.

This year's production will reduce the need to around 5,000,000 units but in the meantime wearout will have enlarged the replacement requirements by another 2,000,000 or so. Consequently, another two years of normal production will be required to fill the existing and developing needs.

In the truck field, the Polk figures show that scrappage during the war years amounted to 712,895 units. This represents less than a normal year's production, and probably a little less than will be built during 1946. However, this picture is modified by the fact that thousands of trucks are now in service out of stark necessity. Auto men anticipate that as soon as new trucks become available, delayed scrapping of many thousands of trucks will bring a resumption of normal scrappage, estimated by Polk at 264,087 vehicles per year.



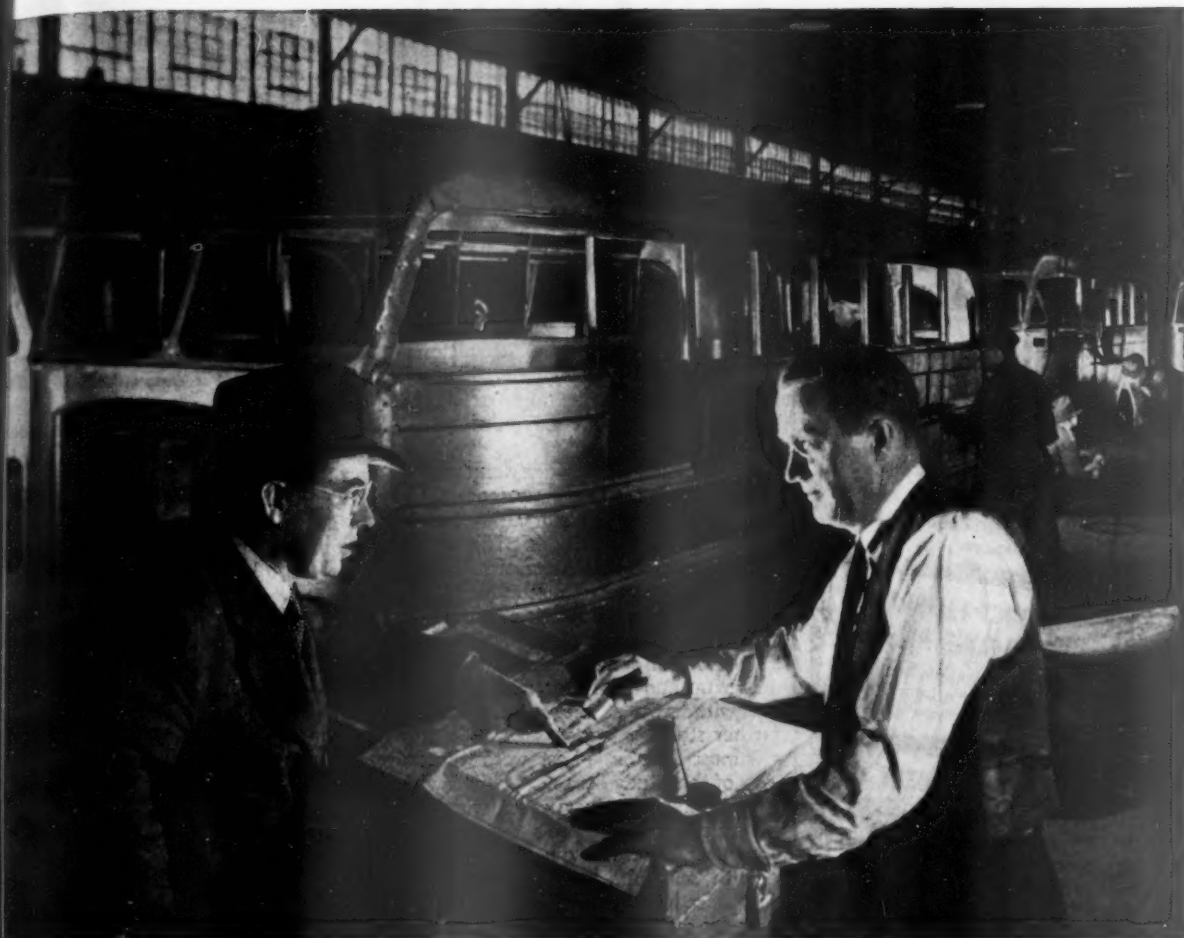
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## Research Man with a Loose Foot

The Armco research man is no homebody. This sheet steel specialist is always on the move — visiting designers and manufacturers of buses, streamlined trains and planes, television equipment, and other steel products for homes, farms, and industry. And he takes his research skill along — works right in the plant with the men who make the products.

Knowledge gained this way helps Armco tailor a sheet steel to a particular need — to route scores of different orders through the mill departments for individualized processing.

Out of this teamwork between Armco and the manufacturer have come many ideas for improving fabricating methods and cutting manufacturing costs. Also ideas for such special-purpose sheets as ARMCO

PAINTGRIP that takes and holds paint, ZINGRIP with its extra durable zinc coating, Ultra-thin Electrical Steels, the new Aluminum-coated steel and others.

Back of this fact-finding in the field stand the great, modern laboratories of The American Rolling Mill Company. These laboratories, which had their beginnings 45 years ago, give Armco the oldest and largest research organization in the field of special-purpose flat-rolled steels.

The days ahead will bring even greater demand for versatile sheet steels. Armco research, working closely with the men planning new products, can be counted on to develop the special sheet steels to do the job — and do it best. The American Rolling Mill Company, 1091 Curtis Street, Middletown, Ohio.  
Export: The Armco International Corporation.



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# AVIATION

## Air Freight Truce

Rate war comes to end, without a formal treaty, when American Airlines releases new schedule similar to United's.

Although no formal peace treaty has been signed, the widely heralded air freight rate war came to a quiet end last week so far as the major airlines are concerned.

When United Air Lines announced its new rate schedule early in January, the lowest for any major airline up to that time (BW-Jan.12'46,p18), it was freely predicted that American Airlines, which had pioneered in the air freight field, would retaliate with still lower rates. As a matter of fact, American did have just such a rate schedule all drawn up and ready for release, but it was withdrawn at the last minute for further study.

• **Almost Identical**—Last week the results of that study became apparent with the release of the new rates, which so closely resemble United's that the latter appear to have been used as a model.

Both schedules reverse previous airline procedure by switching from class rates for different types of commodities to a one-class basis. Both start with an average basic rate of 26.5¢ a ton-mile, subject to quantity discounts which range up to 20% for shipments of 3,000 lb. or over.

• **Airport to Airport**—American has deviated, too, from a long-standing policy of including pickup and delivery in quoted rates. The new schedule follows United's lead in quoting on an airport-to-airport basis only, with an extra charge of 35¢ per 100 lb. at each end for pickup and delivery.

TWA's present rates, which were announced last December, are based on four commodity classes, but a revised schedule is in the works, and nobody will be surprised if TWA has switched to a one-class basis with tariffs on a par with United and American.

• **Into the Field**—To complete the picture, the fourth American transcontinental air carrier, Northwest Airlines (the only one of the four that has not had a regular freight service) this week signaled its belated entry into the field, announcing that it would begin air freight operation on June 1 in conjunction with Railway Express Agency. This will be a straight freight service, as distinct from air express which the agency handles for all airlines.

One new feature will be coordinated rail and air service for points having no direct air service. Basic rate is 30.¢ a ton-mile including pickup and delivery, which is approximately comparable to United's and American's airport-to-airport rate of 26.5¢.

• **Signposts**—With the end of the rate war, all signs seem to point to the airlines' eventual formation of a single rate-making body similar to those now operated by the railroads, with the Civil Aeronautics Board exercising the same supervision over air freight that the Interstate Commerce Commission does on the ground.

Most airline executives would welcome such a plan, particularly if non-scheduled operators could be brought into the fold.



## BUILT FOR SPEED

Designed for supersonic aircraft, a rocket engine weighing only 210 lb. but developing 6,000 lb. of thrust (about 8,000 hp. at 400 miles per hour) was unveiled last week by the Navy and Reaction Motors, Inc., at Pompton Plains, N. J. Alcohol and liquid oxygen are injected into the engine's four alloy steel cylinders through expansion nozzles and are fired by an electric arc. The cylinders are about two feet long, while the whole engine—which has no moving parts—measures about 2x4 ft. over-all. When firing, the engine ejects a 15-foot sheet of flame.

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Valve stem ends TOCCO-hardened to depth of  $\frac{3}{16}$ ". Hardness of 50 Rockwell "C" accurately controlled.

**2000 PISTON PINS PER HOUR.** Continuous hardening of carburized piston pins to 62 Rockwell "C". Pins TOCCO-hardened free of distortion and scale.

**300 AXLE SHAFT BEARING RACES PER HOUR.** Hardens axle bearing to 62 Rockwell "C". Eliminates inner race formerly pressed on. Gives 50% more strength.

**500 DISTRIBUTOR CAMS PER HOUR.** Cam surfaces TOCCO-hardened to 62 Rockwell "C" after assembly eliminating copper plating.

**100 ROCKER SHAFTS PER HOUR.** TOCCO-hardened at six areas per shaft. TOCCO fixture accommodates shafts 14" to 36" in length, having 6 to 12 hardened areas. No scale or distortion.

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## Shoran for Maps

Short-range radar device will be used to rechart many areas. It's more accurate than work of ground surveyors.

Adaptation of "shoran," short-range radar, to peacetime purposes will permit the remapping of large sections of the world with unmatched accuracy, as well as the checking and correction of present maps. Early use of the hitherto secret wartime device will center in the Caribbean islands, along the Maine Coast, and in the Japanese islands.

• **Cousin of Loran**—Meanwhile, experimental work on shoran will continue at Buckley Field, near Denver, under direction of the U. S. Coast & Geodetic Survey and the Army Air Forces 311th reconnaissance wing, the airborne force which during and after the war mapped several million square miles of the earth's surface.

Shoran, a cousin of "loran," long-range radar, which already has been revealed as an aid to air and sea navigation (BW—Jan. 26 '46, p. 61), was used in tactical bombing. It is described as the most important development in geography and surveying since the compass.

A shoran-equipped plane sends short-



## DETROIT BIDS

Guided by Detroit's Mayor Edward Jeffries, Roger M. Kyes, president of Harry Ferguson, Inc., drives a Ford-Ferguson tractor aboard a Guatemala-bound plane operated by Aerovias Latino Americanas S. A. More than the cargo, however, got a boost from the flight—reportedly the first freight in and out of Detroit by foreign plane. The maneuver served notice that the city, like many others, is beckoning air traffic, that Latin America is in the running airwise.

...ave radio signals, pulsing at 20 times per second, to each of two ground stations—in the present experiments, at Denver and Cheyenne. The stations reflect these signals back to the plane.

• **Permanent Record**—They come in as "pips" or bumps, on a thin circular line of light on the radar screen in the plane, operating as high as 40,000 ft. There is also a third "pip" representing the plane. The operator turns the dials until the three pips merge as one. At that moment the exact distances to Cheyenne and Denver are shown on two dials, like those of clocks, divided in one-one thousandths of a mile, or 5.2 ft. This fine gradation signifies the point-point accuracy of the device.

At the moment the "pips" line up, a camera photographs the dials, and another camera photographs the ground below. Thus the "fix" is preserved for permanent use. Charts and maps may be drawn from a number of these fixes. And positions thus may be fixed from the air with more accuracy than a plotting party of ground surveyors achieves. Shoran has already shown up many errors in groundmade maps. Since each point is located individually, errors do not increase, as they do with ground surveys carried along the prolongation of a line.

## "AIRBILL" AIDS SHIPPERS

To reduce delay at the point of origin, United Air Lines has substituted an "airbill" for the customary bill of lading in commercial shipments on its coast-to-coast and Pacific Coast routes. The new device cuts clerical work at the airfield to rating of the shipment and totaling of charges.

A feature of the airbill is that the consignor may provide his own freight bill number—using, for example, the invoice, salesman's, or consignee's order number—thus facilitating the keeping of shipping records. United will continue to assign numbers to those who prefer not to use their own.

The original of the airbill is attached to the shipment for the consignee. Three carbon copies are made, one being sent by pilot pouch to serve as a delivery receipt at the destination airport; the second, stamped with the flight number, being retained at the point of origin for United's accounting department; and the third remaining with the shipper to be filed with his permanent records.

## UNITED FIGHTS FOR ROUTE

United Air Lines, having been slapped down by both the Civil Aeronautics Board and the courts in its attempt to fly the new route from Denver to Los Angeles, has asked CAB for "extension of its coast-to-coast airway from either

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SERVICE STATIONS GIVE SERVICE EVERYWHERE

Omaha, Cheyenne, or Denver to Los Angeles." CAB, with approval of the U. S. Circuit Court of Appeals, awarded the Denver-Los Angeles route to Western Air Lines (BW—Apr. 6'46, p39).

United's main argument seems to be the same as the one it used unsuccessfully in its fight with Western—that "the public interest definitely calls for a through one-carrier operation between southern California, the Midwest, and the East."

## Glider Freight

**Air Force veterans launch first licensed U. S. glider cargo service. Will emphasize North-South contract hauling.**

Flying freight trains—strings of gliders towed by a single cargo plane—which were little more than an aviation enthusiast's dream of the future as recently as four years ago (BW—Jun. 6'42, p18), are a reality today.

Last week two ex-Army Douglas C-47s owned by Winged Cargo, Inc., took off from Philadelphia's Northeast Airport, each with a cargo-filled CG-4A glider in tow. Original plans called for immediate use of multiple-glider trains, which would reduce operating costs and at the same time speed service by permitting nonstop runs, the gliders being dropped at delivery points en route. But the Civil Aeronautics Authority license—the first ever issued for glider cargo service—specifies only single tows for a four-month "economic practicability test."

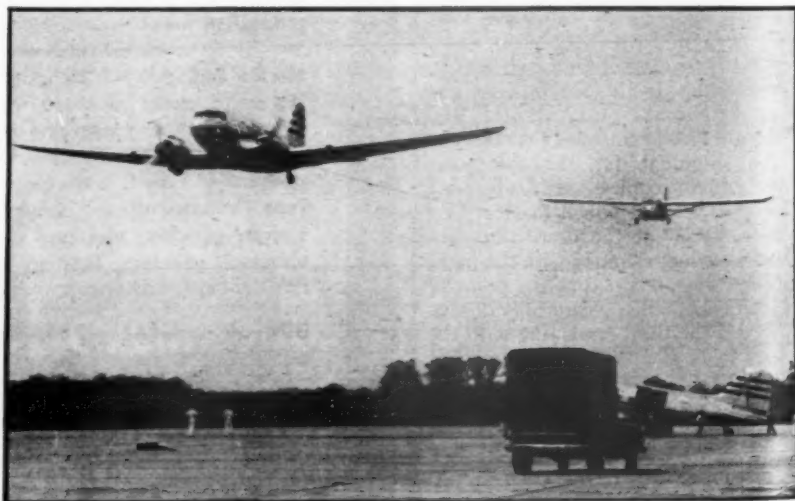
• **Varied Cargoes**—The pioneer flight was nonstop to Miami, and continued

from there to Cuba and Puerto Rico, demonstrating the feasibility of glider flights over water. The cargo included vaccines and drugs, radios, hats, dresses, mushrooms, and baby chicks. The second plane dropped its glider at Moultrie, Ga., and picked it up there on the return flight loaded with 500,000 young tomato plants from Campbell Soup Co. nurseries in Moultrie consigned to Campbell contract farmers in southern New Jersey.

This was the first of at least 50 flights to be flown under contract for Campbell. Transported by air, the plants are out of the ground only about ten hours, as compared to several days when ground transport is used. The result is healthier plants, with eventual better yield.

• **Veterans All**—Pilot on the first flight was the president of Winged Cargo, Col. Fred P. Dollenberg, 30, who shot down 14 Japanese planes and sank five ships in the Pacific and subsequently fought in Europe. Other executives of the company are Capt. Raymond W. Baldwin, 28, vice-president, and Capt. Carl W. Herdic, 25, secretary and treasurer. The company's entire staff is composed of veterans, all under 31.

Equipment, obtained from Army surplus, consists at present of four C-47s (cargo version of the DC-3) and eight gliders, to be increased within the next few weeks to eight and 16, respectively. The CAA license permits the company to operate anywhere, with any type of cargo. Most signed contracts so far are for cargoes either originating or terminating in Philadelphia, the location of the home office. Other offices will be opened in several southern cities and Cuba and Puerto Rico, and flights to South America and Europe are planned. Individual cargoes will be ac-



Given impetus by the war, the technique of glider towing blossomed commercially last week when the first "train" (above), flying under the auspices of a group of ex-servicemen, left Philadelphia for Miami and the West Indies.



# WARNING CONSTRUCTION AHEAD



The Gulf South is abuilding! In Louisiana, Texas and Mississippi alone . . . 1945 construction was up 75% over 1944 . . . totaled some 443 million dollars! In January construction contracts topped 58 millions . . . with an additional 118 millions awaiting final award. This upsurge in Gulf South building—47% of it industrial—means more business . . . it means new acceleration in the decentralizing trend that is tearing business away from traditional industrial locations . . . placing them in the vigorous, opportunity-open spaces of the Gulf South.

Yes, industry is on the move . . . because the Gulf South offers unequalled mineral resources, friendly and skilled labor, great unsatisfied markets for goods, low-cost natural gas fuel, and a technological head-start in the race for full utilization of indigenous chemical-industrial resources. Ask us specific questions about the Gulf South as a site for your plant. Let us help you make preliminary surveys. Your inquiry will be held confidential, of course.

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*Gulf South*

For specific information on the Gulf South, write to Director of Industrial Development.

For inquiries to the following cities, address **UNITED GAS PIPE LINE COMPANY**: IN TEXAS—Beaumont, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls; IN LOUISIANA—Baton Rouge, Lake Charles, Monroe, New Orleans and Shreveport; FOR MISSISSIPPI, ALABAMA and FLORIDA—Jackson, Mississippi. For inquiries to the following cities, address **UNITED GAS CORPORATION**: IN TEXAS—Huntsville, Jacksonville, Laredo, Marshall, Mineola, Nacogdoches, New Braunfels, Schulenburg, Sinton; IN LOUISIANA—New Iberia, Opelousas; IN MISSISSIPPI—Gulfport, Laurel, McComb,

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**IN RADIO**—The "I Want a Divorce" program was conceived for S & W and quickly spread across the nation. It became one of the nation's favorites, even before name stars were added. Our radio programs have been primarily "idea" shows ... getting top ratings without huge expenditures of the clients' money for talent.

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cepted, but emphasis will be placed on contract hauling.

• **Genesis of an Idea**—U. S. glider cargo experiments began in California in 1929 with an attempted Fresno-to-Long Beach flight which failed because of a parted tow line. In 1930 Capt. Frank Hawks made a transcontinental flight with a towed glider, and in 1933 three gliders were towed simultaneously at Los Angeles. These experiments were concerned primarily with increasing payload, not with the feasibility of dropping and picking up gliders en route.

When U. S. troops at Buna (New Guinea) were cut off by the Japanese in 1942, they were supplied by cargo gliders. Both Dollenberg and Baldwin participated in this operation, and it was here, they say, that the idea for Winged Cargo was born.

## AERIAL MAPPING LAUNCHED

California is undertaking an ambitious aerial mapping project, authorized at the last session of the legislature. It is designed to cover areas not previously mapped topographically and to bring obsolete maps of other areas up to date.

A fund of \$300,000, the bulk of which will be matched by the federal government, was appropriated for a two-year period. The program contemplates a relatively constant level of mapping activity for at least a decade.

The City of Portland, Ore., in cooperation with the U. S. Coast & Geodetic Survey, also plans aerial mapping to reveal available sites for industrial expansion as well as to obtain navigation data. So far, 1,100 aerial photographs have been completed.

More than 430 sq. mi. will be mapped in Oregon at a scale of 800 ft. to the inch. The area to be covered will extend to Troutdale on the east, Woodland, Wash., and Columbia City on the west, Canby on the south, and will include metropolitan areas of Vancouver, Wash., and Portland.

## FLYING WEATHER STUDIED

In an attempt to solve the problems of all-weather flying, a three-year project got under way last month in Orlando, Fla., under sponsorship of the U. S. Weather Bureau, the Army and Navy, and the National Advisory Committee for Aeronautics. Preliminary work was done at the University of Chicago.

Four pilotless "drone" airplanes will be used to test flying conditions during thunderstorms. Based at Orlando, the experimenters will also use balloons and radar in connection with a group of land stations. The aircraft will be equipped with special recording instruments for measuring gusts and drafts, atmospheric electricity, and cloud properties.

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Working with both are Trane product engineers. These men constantly analyze Trane products to see where they can be improved in any way, large or small, and they refine and develop Trane products to fit changing conditions and to give increasing efficiency ... for better Weather Magic.

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And each Trane product is engineered to work in perfect harmony with every other Trane unit ... with every part complementing every other in operation. Thus a Trane installation is a Trane system, built of matched units that work together perfectly, for an assurance of years of dependable service.

More than 200 Trane field engineers in principal cities all over the country co-operate with architects, engineers, and contractors in the application of Trane systems. National advertising is advising customers to seek counsel and Trane information from architect, engineer, and contractor.

## Unified ENGINEERING



RESEARCH

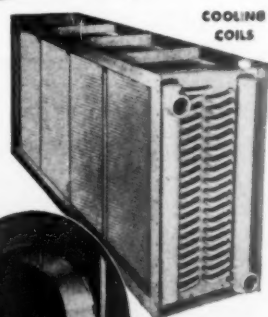


DEVELOPMENT



PRODUCT

THE HEART OF MANY TRANE SYSTEMS  
TRANE COOLING COILS AND FANS



COOLING COILS



CENTRIFUGAL FANS

Trane Cooling Coils and Centrifugal Fans perform all functions of cooling and air handling. The type OS Cooling Coil shown is a drainable tube coil for average quantities of clean chilled water. There are also Trane cooling coils for sedimented water, and for direct expansion refrigerants. The FC Centrifugal Fan shown is a forward curved multi-blade unit for large quantities of air. Other Trane fans are Trane backward curved non-overloading fans, and Trane Utility Fans.


**THE TRANE COMPANY**  
*The House of Weather Magic*  
LA CROSSE • WISCONSIN  
TRANE COMPANY OF CANADA, LTD., TORONTO  
MANUFACTURING ENGINEERS OF HEATING AND AIR CONDITIONING EQUIPMENT





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HARTFORD, CONNECTICUT

## FINANCE (THE MARKETS—PAGE 98)

### Banana Split—a la Zemurray

United Fruit Co.'s three-for-one stock plan puts spotlight upon prospects of "great white fleet" and allied activities of an economic empire—also upon a Jonah who swallowed the whale.

When Emil Schram, president of the New York stock exchange, blasted stock split-ups (BW—Apr. 27 '46, p. 62), he referred to frail corporate sisters who can't resist the blandishments of market manipulators. He was careful to exempt companies with solid records of earnings and dividends since split-ups broaden ownership and encourage stock purchases by small investors.

This blessing constituted a timely blow toward the United Fruit Co. On May 29 stockholders will vote a three-for-one stock split. For 1945 the \$234,000,000 company showed profits of \$6.46 a share, paying dividends at the rate of \$4 a year.

• **Looking Ahead**—With the removal of the excess-profits tax and a return of United Fruit ships from government control to the service of a populace hungry for bananas, Wall Streeters expect profits this year to reach \$8 to \$9 a share on the 2,925,000 shares outstanding—meaning a possible annual dividend of \$6 for each unit now held (or \$2 a share after the split-up).

Such forecasts appear moderate when triangulated with the state of world food demand and the condition of the company's "great white fleet." United Fruit lost 27 ships during the war, out of a 1940 fleet of 58 ships totaling 246,700 gross tons. (Sinkings of United's European subsidiary, Elders & Fyffes, from its fleet of 27 ships were in proportion.)

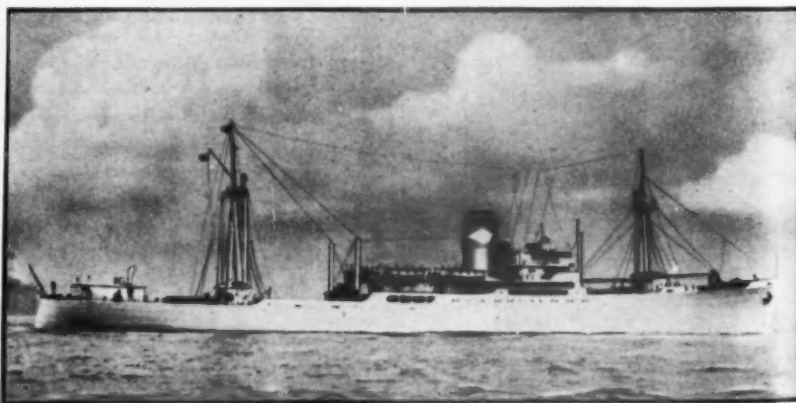
• **Faster Ships**—With replacements now being rushed down the ways, United

will have a postwar total of 48 steamers. The new recruits are better and faster. Of 18 refrigerator ships ordered, six have been delivered. They have speeds of 18 to 20 knots, will reduce costs by fast turn-arounds. Each will have cabins for twelve passengers.

In addition, two 19-knot passenger ships are on order, each with accommodations for 125. Public rooms of these will be air-conditioned—to the disgust of company veterans who consider bananas and not travelers the company's rightful concern. Passenger service will be resumed sometime this fall, and reservations for winter tours already are pouring in.

• **Doffing War Paint**—The entire fleet was put under war requisition by the government. By the end of next month, practically all of the ships will have discarded battle-gray for the white peacetime uniform. Ships already demobilized have enabled United to raise its shipments to 85% of normal. This has been accomplished by short voyages (to southern ports only) and longer distribution hauls overland.

During the past four years, United had to see bananas rot on the plantations while profits were earned by war freights and sugar crops. But the plantations were kept clean and, while special war assignments were pushed with vigor, sagacious Sam Zemurray, United Fruit president, vice-president William K. Jackson (see cover), and other associates were looking forward



Typical of United Fruit's fast new peacetime ships is the 12,890-ton S. S. Junior (above). It can accommodate twelve passengers, 320,000 cu. ft. of cargo.



## Standard Oil Company (New Jersey) finds many uses for *Nationals*

This famous producer and distributor of petroleum products finds constant use for National Accounting Machines. *First*, for the compilation of pre-payroll figures and controls. *Second*, for writing and issuing payroll checks. *Third*, for cost distribution. And *fourth*, for preparation of tax reports.

In addition, a National Bookkeeping system is used to maintain record cards for workers who are participants in the payroll savings plan for the purchase of United States Savings Bonds. Monthly reports to the Thrift Fund accounting office are also secured through this system.

Whether yours is a world-wide operation, or on a more modest scale, there's a National Accounting System expressly designed to give you better figure-control—and at lower cost. National Accounting-Bookkeeping Machines can be used without specially trained operators. They meet the demands of individual plant practices, methods, and deductions. Let a National representative examine your needs and make recommendations without obligation to you. The National Cash Register Company, Dayton 9, Ohio. Offices in principal cities.



National Accounting Machines in the Treasurer's Office of Standard Oil Company (New Jersey)

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**NEW ISSUE**

**\$50,000,000**

**Panhandle Eastern Pipe Line Company**

**Serial Debentures**

**Dated May 1, 1946**

**Due each May 1, 1947-1971**

**MATURITIES, COUPONS AND YIELDS**  
**\$2,000,000 Due each year**

Series Due	Coupon	Yield	Series Due	Coupon	Yield	Series Due	Coupon	Yield
1947	0.95%	0.95%	1955	1.80%	1.80%	1964	2.50%	2.45%
1948	1.15	1.15	1956	1.90	1.90	1965	2.50	2.50
1949	1.25	1.25	1957	2.25	2.00	1966	2.50	2.50
1950	1.35	1.35	1958	2.25	2.10	1967	2.50	2.525
1951	1.40	1.40	1959	2.25	2.20	1968	2.50	2.55
1952	1.50	1.50	1960	2.25	2.25	1969	2.50	2.55
1953	1.60	1.60	1961	2.25	2.30	1970	2.50	2.575
1954	1.70	1.70	1962	2.50	2.35	1971	2.50	2.60
			1963	2.50	2.40			

(accrued interest to be added)

*Copies of the Prospectus may be obtained within any State from the undersigned only by persons to whom the undersigned may regularly distribute the Prospectus in such State.*

**Kidder, Peabody & Co. Merrill Lynch, Pierce, Fenner & Beane Halsey, Stuart & Co. Inc.**

**The First Boston Corporation**

**Carl M. Loeb, Rhoades & Co.**

*April 26, 1946.*

*All of these securities having been sold, this announcement appears as a matter of record only.*

**NEW ISSUE**

**316,967 Shares\***

**MONSANTO CHEMICAL COMPANY**

**Cumulative Preference Stock, Series A**

**No Par Value—\$3.25 Dividend**

**(Convertible Into Common Stock Prior to June 1, 1956)**

\*The Company offered to the holders of its Common Stock during a subscription period which expired at 3 P.M. on April 24, 1946, rights to subscribe to shares of the Cumulative Preference Stock, Series A, in the ratio of 1 such share for each 4 shares of Common Stock held by them, at a price of \$101.50 per share. Of the total of 316,967 shares thus offered to holders of the Company's Common Stock 312,281 shares were subscribed for pursuant to the subscription offer. The several underwriters have purchased from the Company, and have sold, the remaining 4,686 shares.

**Smith, Barney & Co.**

**April 26, 1946**



The record of President Samuel Zemurray (above), who took over the management of United Fruit during the depression, indicates that he knows his bananas—and his growers

to the time when their product would regain its prominence in the national market basket.

• **Diversification**—Future of wartime projects handled in Central America by United Fruit is now up to Washington, but the company has hopes that some will survive to diversify native crops. One promising candidate is abacá (Manila hemp) which Uncle Sam introduced to Latin America when the Japanese cut off Philippine supplies. Last year, the company had 27,000 acres in abacá. It also had 48,000 acres in cacao, the source of chocolate. Other war crops were rubber, rotenone (the insecticides), cinchona (quinine), tropical vegetable oils.

Through all the clamor over these exotic war crops, Zemurray and his associates never lost sight of the fact that bananas are United's life blood—that to insure the future it had to protect its relations with the little nations which grow the golden fruit.

• **Banana Diplomacy**—Sam Zemurray is an outstanding product of the time when a business executive dealing with the banana republics had to be immune to the rattle of machine guns. He also had to be adept at guessing which self-anointed liberator would win a given revolution. Company diplomats have often had a hard time convincing opposing factions of goodwill toward the public. Especially was this true when plant disease or other mischance forced United to move its operations. Formerly railroads were ripped out



cleared fields and workers left to resume their struggle against the jungle. Today Zemurray observes, "I felt guilty about that. We should have had the sense to say, 'Hell, we're staying here.'"

**Paternalistic?**—He touches on a shift policy whereby the company pays attention to political personalities and more attention to improving living standards of the people. There have been cries of "paternalism," which raise the old question of whether paternalistic forms aren't better than none at all. Now when United Fruit pulls out of a plant-infected area in Honduras or Guatemala, laborers are enabled to raise their own crops (other than bananas) in the rich tropical soil. Emphasis is on food that will diversify and strengthen the national diet. The company is backing a project by which the Massachusetts Institute of Technology and the American School of Agriculture in Honduras seek to develop new food sources. The object is not to promote the greater use of eggs, butter, and milk (difficult to produce in the tropics) but to find cheap native foods that will provide needed nourishment.

**School for Farmers**—The Pan American School of Agriculture is a unique company baby. It teaches scientific farming to Central American youngsters. The first graduating class left the school last Mar. 2. There were 155 students last term. United Fruit is sole support of the school. During 1945, the company gave it an additional grant of \$1,005,000, of which \$500,000 was added to a like amount in the endowment fund.

Free schooling (with special diet programs) is furnished every worker's children. United Fruit's community health activities apply advanced techniques, and its hospitals, open to all employees, are the best in that part of the world.

**Big Mike's Enemies**—Of direct self-interest is United's drive against diseases of the banana. Big Mike, the fair and fat banana that is the mainstay of the trade, has two implacable enemies. One is the dread Panama disease; the other is sigatoka. Both wilt the plants and wither the fruit. Research has produced no cure for Panama disease, but there are sprays to combat the sigatoka. Badly infected areas have to be abandoned, but the virus left behind in the black loam has no effect on other crops.

Persistent epidemics have persuaded the company to shift more of its plantings from the steaming east coast to drier areas bordering the Pacific.

**Rain-Making**—Since bananas must have much water, the moisture deficit in the West Coast is overcome by huge sprinklers which douse several acres at a time and provide the equivalent of two inches of rainfall weekly. A second complicated plumbing system showers the plants with bordeaux mixture to

## If it's built by **Wagner** — it's dependable



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in locations where dust, fumes, moisture, metal filings, chips, splashing or dripping liquids, explosive fumes, or other such conditions would cut short the life of ordinary motors. There is a Wagner Protected Motor specifically designed to meet the special conditions found in machine shops, chemical plants, refineries, and other manufacturing or processing plants.

Wagner motors that have built-in protection by virtue of their design and construction give dependable service year after year under conditions which would necessitate frequent shutdowns and replacements with ordinary motors. For over 50 years Wagner motors have been known for giving thoroughly dependable service on all types of industrial applications.

### THE SAME REPUTATION FOR DEPENDABILITY APPLIES TO ALL WAGNER PRODUCTS

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and sizes, industrial brakes (bridge brakes), air brakes, hydraulic brakes, brake lining, Tachographs (recording speedometers), and NoRoL.

If you need any of our products, consult the nearest of Wagner's 29 branch offices, or write to Wagner Electric Corporation, 6460 Plymouth Avenue, St. Louis 14, Mo., U.S.A.

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ELECTRICAL AND AUTOMOTIVE PRODUCTS

M46-10

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150,000 SHARES

## SHARON STEEL CORPORATION

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APRIL 25, 1946

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Investment service, in the definition of Paine, Webber, Jackson & Curtis, presupposes an intimate familiarity with the basic values behind security issues as well as the experience and the facilities to carry investment plans to completion.

The location of our 23 offices throughout the area of America's greatest industrial activity gives the firm a strategic vantage point for knowing and following such values. Its 67 years of varied industrial financing, its highly developed organization and broad contacts are additional factors which have built the brokerage volume of Paine, Webber, Jackson & Curtis into one of the largest in the country.

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ward off the sigatoka ailments. Molding piping is required in all new company housing projects.

More of the big white steamers are being assigned to Pacific waters when until a few years ago, they were unknown. One plan calls for the allocation of three of the new 18-knot ships to load apples or other perishables on the West Coast, completing their voyage by taking on bananas in Central America. Thence they will sail through the Panama Canal to Europe. After discharging, they will return—probably in ballast—to pick up a banana cargo for delivery at various U. S. ports on the West Coast.

• **Middle Americas**—Significantly, United Fruit Co. has dropped the term Central America and refers to its domain as Middle America. This takes in not only the established banana countries but also Cuba, Jamaica, and the Dominican Republic, which now has flourishing company projects. Cuban banana plantations didn't pan out; the 93,000 acres planted to sugar did.

The Dominican Republic is the site of a huge new banana development. Its first stems will reach the market in July. That businesslike little tyrant President Rafael Trujillo, has given United Fruit assurances of stability and cooperation. Emphasis on Dominican expansion will be useful to wave in front of Central American dictators who come over-greedy in their dealings with the company.

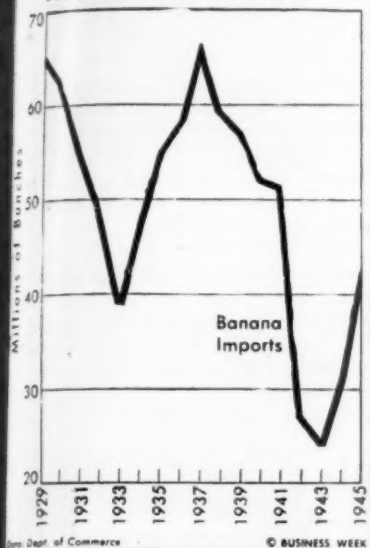
• **Unorthodox Jonah**—From his office in Boston, Sam Zemurray guides these activities with shrewd decisions and amiable profanity. To some of the hard-collar boys from the Back Bay, he is an interloper in this great company whose founding fathers were Bostonians. To them he is still an unorthodox Jonah—a Jonah who swallowed a whale.

United Fruit traces its origin back to 1870, seven years before Zemurray was born. Its cradle was the Boston schooner Telegraph, in which Captain Lorenzo Dow Baker brought to New York a cargo of Jamaica bananas. He paid 25¢ per bunch and sold them for \$2.50 to \$3.25. His profits inflamed the Yankee instincts of friends. In 1885 Baker, Andrew W. Preston, and eight others had chipped in \$25,000 each to form the Boston Fruit Co.

• **Empire-Building**—Preston was president and genius of the organization. It was he who coined the term "great white fleet." It was he who created the Fruit Dispatch Co. to export the markets inland. It was he who envisioned the company's Caribbean empire.

United Fruit Co. was organized in 1899 when Preston and his original company joined forces with Major Cooper Keith and his Central American

## MORE BANANAS



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PARSONS PAPER COMPANY • HOLYOKE, MASSACHUSETTS

It continued to grow during the boom of the twenties, when its president was Victor M. Cutter.

**Zemurray's Entrance**—While the company was by far the biggest in the business, it had active and irritating competitors. To mix a metaphor, Sam Zemurray first attracted the attention of the leviathan by getting into its hair. He was a product of New Orleans and Honduras, whose Cuyamel Fruit Co. had shown that it knew the art of mixing gunpowder with business management.

He opposed United Fruit with such success that Cutter arrived at an august decision. Zemurray and his Cuyamel Fruit Co. must be swallowed, and United Fruit's dignity reasserted. Zemurray finally sold his Cuyamel for 100,000 shares of United Fruit.

But Zemurray refused to be digested. When the depression hit, he saw United Fruit shares that had been selling at 158 decline to 26. As he looked more intently his opinion of United's management shrank in proportion.

**Historic Meeting**—The upshot was the historic Boston meeting in the bleak January of 1933. Tradition insists that Zemurray tossed his bale of proxies and stock certificates on the directors' table with the remark, "You've been bitching up this business too long."

On this impolite but expressive note, the Cutter regime collapsed. Zemurray had taken over the company at a single gulp.

## ABC PLANS FINANCING

The American Broadcasting Co. is preparing to undertake its first piece of public financing since Edward J. Noble, chairman, bought the former Blue Network from Radio Corp. of America al-



# Earnings Picture Still Confused

First-quarter earnings reports are unveiling many spectacular year-to-year gains due to the absence now of the excess-profits tax, the need no longer to confine production almost solely to small-profit-margin war-items, and because of today's civilian goods "sellers' markets."

About as many companies in the same period, however, disclosed startling shrinkages in profits because of the violent impact on their operations of strikes, material shortages, production delays, higher wages,

profit-squeezing OPA price ceilings.

Total profits of over half of 75 companies making early January-March reports, in fact, were some 87% below 1946 levels. And 14 companies reported deficits, despite much use of tax carryback privileges and previously set up contingency reserves to hold down their losses.

Second-quarter reports may disclose the same sharp divergence, and these factors greatly explain the current trend toward more and more selectivity in stock market purchases.

	1946		1945	
	Net Profit	Fed. Taxes	Net Profit	Fed. Taxes
American Bosch .....	D\$358,000	Cr.\$218,000	\$1,064,000	\$811,000
American Brake Shoe.....	329,000	.....	694,000	1,060,000
Barker Brothers .....	344,000	245,000	217,000	234,000
Bendix Aviation .....	D1,416,000	Cr.3,430,000	3,437,000	13,623,000
Bethlehem Steel .....	F4,804,000	.....	7,696,000	20,880,000
Sidney Blumenthal & Co.....	267,000	161,000	275,000	201,000
Bridgeport Brass .....	AD386,000	.....	517,000	1,899,000
Butler Brothers .....	613,000	468,000	429,000	893,000
Conde Nast Publications.....	1,036,000	669,000	477,000	1,103,000
Consolidated Laundries .....	117,000	62,000	102,000	94,000
Container Corp. ....	1,033,000	633,000	479,000	1,479,000
Corn Products Refining .....	AD1,068,000	.....	2,212,000	3,371,000
Crown Cork & Seal.....	462,000	269,000	601,000	818,000
Emerson Radio & Phonograph....	142,000	96,000	277,000	759,000
Flintkote Co. ....	541,000	362,000	642,000	473,000
General Baking .....	506,000	357,000	427,000	648,000
General Cigar .....	213,000	131,000	262,000	513,000
General Electric .....	D13,702,000	CCr.12,250,000	11,763,000	32,000,000
Gillette Safety Razor.....	2,677,000	3,118,000	889,000	2,561,000
M. A. Hanna Co.....	1,020,000	530,000	847,000	302,000
Hercules Powder .....	1,751,000	1,087,000	1,468,000	4,223,000
Hershey Chocolate .....	2,096,000	1,375,000	1,440,000	2,749,000
Howe Sound .....	100,000	23,000	196,000	89,000
Johns-Manville Corp. ....	D797,000	Cr.811,000	1,396,000	1,927,000
Julius Kayser & Co.....	214,000	291,000	184,000	356,000
Kimberly-Clark .....	760,000	412,000	702,000	1,171,000
Lehigh Valley Coal Corp.....	388,000	101,000	296,000	121,000
Lehn & Fink.....	846,000	372,000	1,002,000	523,000
Long-Bell Lumber .....	592,000	376,000	534,000	592,000
MacAndrews & Forbes.....	194,000	106,000	156,000	117,000
Marshall Field .....	3,210,000	1,967,000	1,336,000	3,774,000
Mathieson Alkali Works.....	392,000	240,000	307,000	355,000
McKesson & Robbins.....	2,067,000	2,660,000	1,106,000	3,396,000
Mead Corp. ....	574,000	384,000	247,000	430,000
Midland Steel Products.....	D316,000	.....	378,000	1,605,000
Mullins Mfg. ....	AD688,000	.....	353,000	885,000
National Biscuit .....	3,840,000	2,681,000	2,764,000	5,732,000
National Distillers Products.....	9,306,000	5,840,000	3,089,000	6,090,000
Newport Industries .....	448,000	274,000	177,000	265,000
New York Air Brake.....	263,000	197,000	192,000	509,000
Pacific Mills .....	1,029,000	860,000	376,000	2,252,000
Seagrave Corp. ....	8,000	5,000	26,000	17,000
Sharon Steel .....	D340,000	Cr.250,000	302,000	827,000
Shell Union Oil.....	7,728,000	2,586,000	8,462,000	9,184,000
Standard Brands .....	3,668,000	2,118,000	2,699,000	6,074,000
Texas Pacific Coal & Oil.....	348,000	27,000	526,000	51,000
Underwood Corp. ....	264,000	120,000	450,000	326,000
Union Carbide & Carbon.....	10,469,000	8,398,000	9,510,000	27,127,000
United Cigar-Whelan Stores.....	350,000	215,000	291,000	233,000
Wm. Wrigley Jr.....	B1,548,000	282,000	1,558,000	1,327,000

D—Deficit. Cr.—Credit. A—Deficit does not reflect unused excess-profits credit or tax carrybacks. B—Reflects \$500,000 credit from tax carryback and \$321,000 profit from sale of real property. C—Includes credit of \$2,250,000 from reserve for postwar adjustments and contingencies. F—Reflects \$11,000,000 credit from reserve for contingencies.

most three years ago (BW—Aug.7'44, p78).

How much new cash will be sought by the company is still unknown. Noble has stated only that the financing will involve the sale of a "substantial" number of shares. However, trade reports indicate that the initial offering, which will be made to ABC's affiliated radio stations as well as to the general public, may comprise as many as 1,000,000 shares at a price of \$15.

New York's Dillon, Read & Co. is expected to handle the offering when it is ready, but it may not be available for some time. It must first pass scrutiny of the Federal Communications Commission before it can be registered for the usual once-over by the Securities & Exchange Commission.

## Blow to Options

Treasury's new ruling on stock offerings to corporate officials may cut widespread use of compensation device.

Granting corporate officials long-term options to buy treasury stock of their companies—at attractive prices—isn't anything new. It's long been a practice of directors to use such bait when fishing for new managerial talent or trying to retain valued but restive executives.

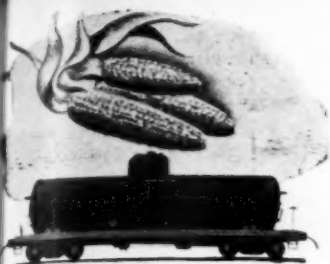
• **Trend Increases**—Stock-options have been even more popular in recent years (BW—Jul.22'44,p66), because with the high tax rates, it hasn't made much difference financially to many officials in the higher brackets how large their "straight" salary has been. Corporations have thus had to bypass salary raises as a means of rewarding their key men.

In many cases, companies faced with this problem have chosen stock-options as the best idea, mainly in the belief (or hope) that subsequent profits could be treated by holders as a long-term "capital gain" on which only a 25% tax rate would prevail.

• **New Ruling**—This trend, obviously, has not been overlooked by Treasury Dept. income tax officials. The contention that profits obtained through exercise of stock options do not constitute salary has been constantly disputed (BW—Mar.10'45,p64).

Formerly such cases were judged individually. Only when it appeared clearly evident that a stock-option had been granted as "compensation" was it ruled that profits therefrom constituted "salary" and that the heavier income tax rates must be applied.

From here on that policy will not be followed, except for options granted prior to Feb. 26, 1945. Instead, according to a new and drastic Treasury rul-



### CORN OIL

Clean, steam coiled car.



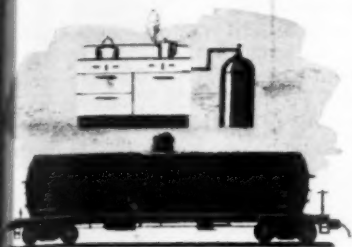
### CHLORINE

Insulated, welded car; built to withstand pressure up to 500 pounds; 15 or 30 ton capacity.



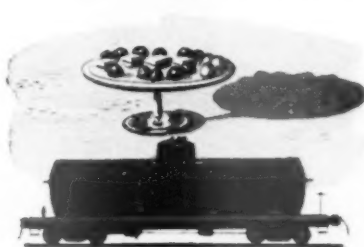
### COTTONSEED OIL

Clean, steam coiled car of 8,000 gallon capacity.



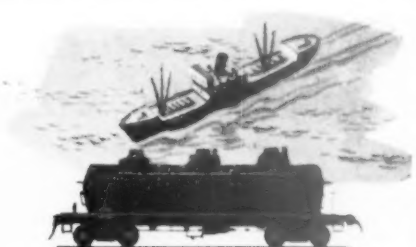
### PROPANE

Welded and insulated car; built to withstand internal pressures to 300 pounds. Capacity 10,000 to 11,000 gallons.



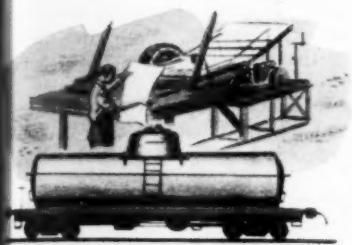
### CORN SYRUP UNMIXED

Clean, steam coiled with heavy truck capacity. Usually lined with aluminum paint.



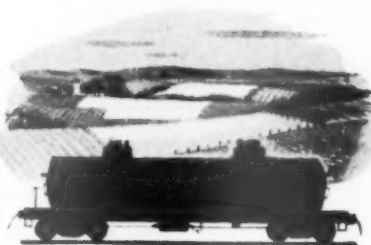
### LUBRICATING OIL

Steel car, with steam coils, single or multiple compartment; usually 8,000 gallon capacity.



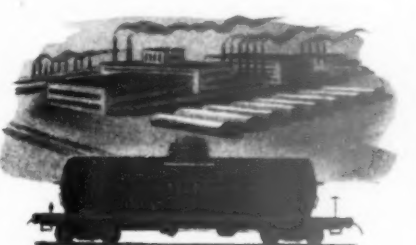
### ACETIC ACID

Steam Car, 8,000 or 10,000 gallon capacity.



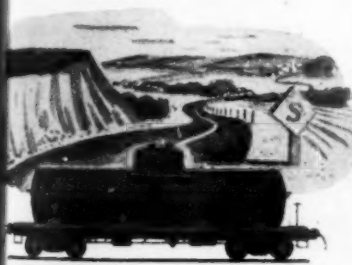
### LINSEED OIL

Steel car equipped with steam coils; single or multiple compartment, usually 8,000 gallon capacity.



### BENZOL

Clean car, with steam coils; 8,000 to 12,500 gallon capacity.



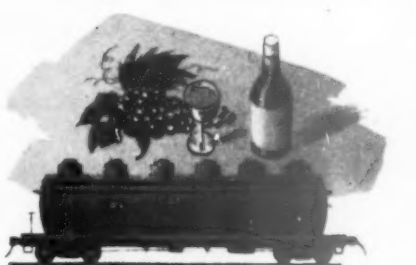
### ASPHALT OR TAR

Steam coiled car; with 2 or more inches of insulation; steam jacketed outlet; 8,000 to 10,000 gallon capacity.



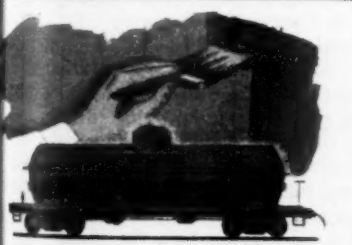
### LARD

Clean steam coiled car, usually of 8,000 gallon capacity



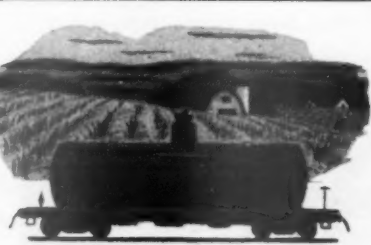
### WINE

Insulated car with one to six compartments. Interior coated to preserve quality.



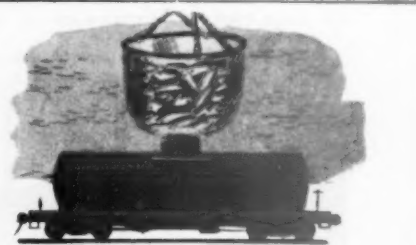
### TUNG OIL

Coiled steel car, usually of 8,000 gallon capacity.



### SULPHURIC ACID

Heavily constructed steel car with heavy truck capacity. Equipped to unload through dome.



### FISH OIL

Steel car with steam coils.

Aug. 7, 1946  
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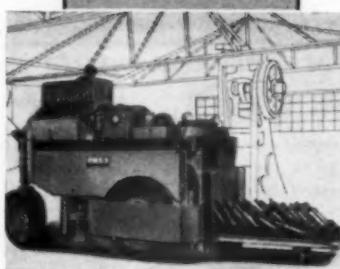
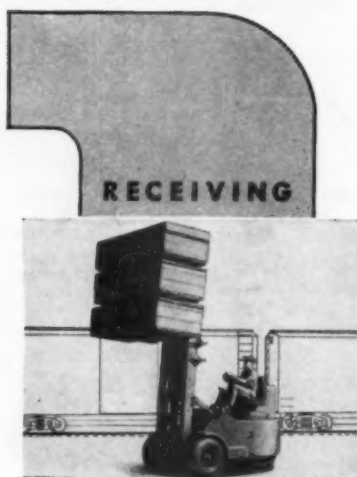
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ing, the profits obtainable through exercise of stock-options granted after that date are to be subjected to the full income tax rate. No longer can it be claimed that they represent "capital gains."

• **Treasury Policy**—The Treasury has thus decided (1) that the amount of taxable income will comprise the difference between the option price of the shares and their fair market value on the day they are delivered to the holder, and (2) that the income must be reported in the year in which the option is exercised.

Whether the courts will sustain this latest ruling of the Treasury Dept. remains to be seen. Many Wall Streeters, however, contend that numerous purchase-options granted in recent years were undoubtedly specifically designed to provide nonsalary compensation which corporate officials could legitimately report under the much smaller "capital gains" levy, rather than the high personal income tax.

Members of this school of thought expect many attempts to be made to overthrow the new ruling, however futilely.

• **Legality Doubted**—There are some on the Street, however, who have their doubts that the Treasury's ruling will be upheld eventually.

For example, they call attention to a recent Ninth Circuit Court of Appeals decision indicating that "that which is not income cannot be made income by Treasury regulations." Likewise, they appear banking on the fact that in the past there have been many cases where the courts did not agree with Internal Revenue Bureau decisions that certain stock-options granted to officials represented "compensation."

Also, they ask since a company is entitled to deduct from its income before taxes the compensation it pays its employees, why isn't it also accorded the right to charge against earnings the amount of profit resulting from a stock-option given one of its officers which the Treasury Dept. now insists is properly "compensation."

This latter argument is easily demolished, however. A company is permitted by Treasury regulations only to charge "reasonable" compensation to employees against its pretax income. Obviously, the substantial profits now possible to obtain from many stock-options wouldn't enter that category.

• **Legislation Pending**—There is a bill now before the House which would exempt from taxation the receipt or exercise of stock purchase options. However, this provides that they would be so exempted only under certain conditions, mainly, only if the option price was reasonably close to the shares' fair market value at the time the option was originally granted.



# How to Profit from the Bottleneck in Your Business



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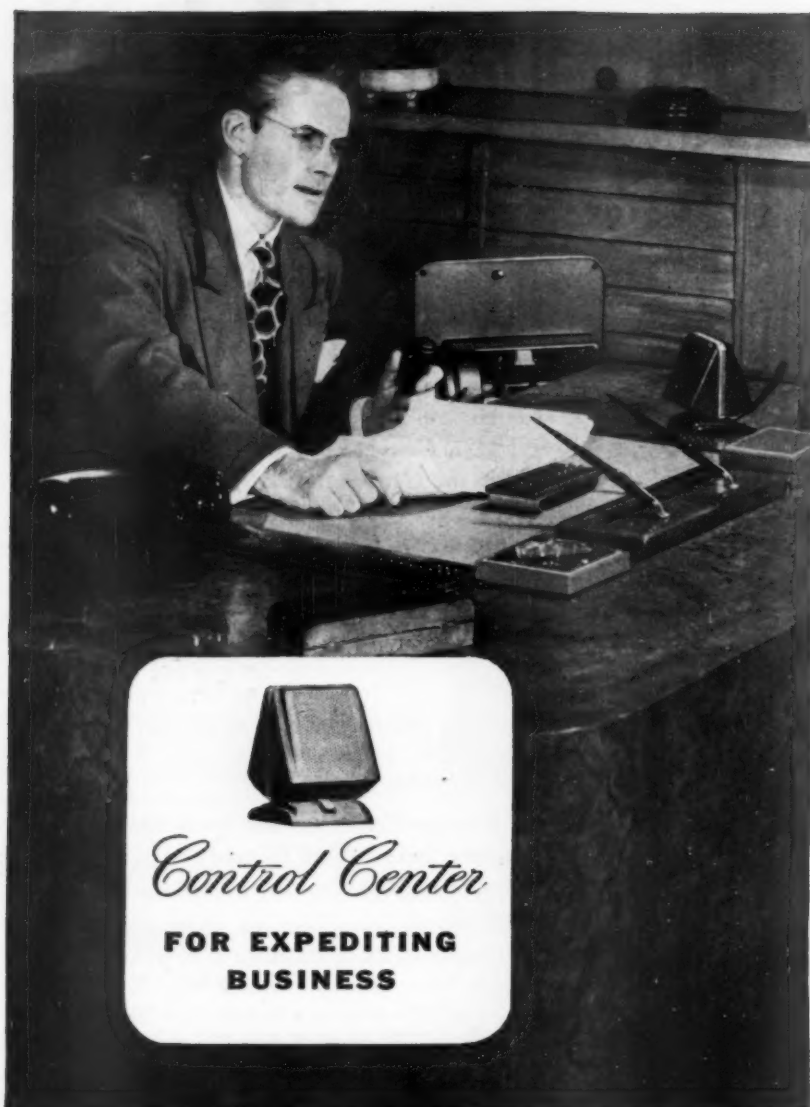
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## PRODUCTION

### Treated Wood

With an assured market for near future, wood preservers are wondering about new business—notably in housing.

Back in 1838 an Englishman named Bethel developed a method for preservative treatment of wood by forcing creosote into it under pressure. In so doing he made the first major improvement in combating the ravages of decay and insects since prehistoric Swiss lake dwellers charred the pilings on which they built their villages.

Bethel's process is basically the same as that used today by the 230 United States firms that process practically all the nation's railroad ties, most of the utility poles, quantities of piling for marine purposes, wood blocks, construction timbers, and miscellaneous material requiring protection.

• **New Problems**—At the annual meeting of the American Wood-Preservers' Assn. in Cincinnati last week, delegates listened to the usual technical papers on improvements in well-tested techniques and on possible revisions in industry standards covering processes and materials used.

Occupying only secondary places on the convention agenda, but the subject of continued cloakroom conferences, were two other matters:

(1) New, aggressive merchandising activity to capture business in such relatively untapped fields as housing and industrial construction; and transformation of the association from a technical body to a trade association to help foster such activity.

(2) Industry recognition and acceptance of new preservatives, notably pentachlorophenol—a step that could help relieve the current shortage of creosote supplies. For, with enough business in sight to keep plants busy for five years, creosote is a bottleneck. The steel and coal strikes have hurt badly (creosote is a byproduct of the coking process), and England, normally the source of 25% of the industry's requirements, has not resumed shipments but is making use of its supplies for fuel.

• **Room for Change**—The industry's traditional conservatism prevailed, and neither subject came up for formal action. But that will not prevent individual companies from doing as they see fit.

Railroads have long provided the bulk of the industry's business—70% today,

even more in previous years. But preserved ties last twelve to 15 years, against three to four years for untreated ties, and the industry soon produced itself out of any new business here, leaving only a substantial replacement business requiring little merchandising.

• **Standard Market**—As electric power and communication lines expanded, treated poles assumed increasing importance. Now, with wartime shackles removed, utilities expect to take up where they left off in 1941. The Rural Electrification Administration alone says its member co-ops want 3,000,000 poles a year for five years. Since that figure of itself equals normal production, and other users have doubled their requirements, there appears to be an assured market for three times the industry's usual pole output.

But poles, like ties and other large-volume items—piles, crossarms, and construction timbers (for bridges, trestles, docks)—are essentially stock items. In these fields the industry can do little to expand sales. (Wood treaters do most of their work under contract, seldom owning the wood they treat.) And all but about 22,000,000 cu. ft. of the 277,700,000 cu. ft. of wood they treated in 1944 (latest year for which figures are available) fell into these categories.

• **Fields of Growth**—Forward-looking firms see possibilities for growth, therefore, in building construction and in expanded use of fire-retardant treatment for wood.

Except for some sections of the South and the Pacific Coast, little lumber going into housing is treated against decay and termites. Actually, 40% of all houses built and 20% of the lumber going into such houses could be advantageously given preservative treatment, it is contended.

If that percentage of the 8,000,000,000 b. ft. of lumber going into residential construction under the Wyatt program (BW—Feb. 16 '46, p. 25) were preservatively treated, the industry would be handling 640,000,000 b. ft. a year for housing alone. The 1944 volume of all lumber so treated was only 197,600,000 b. ft.—and much of that was for purposes other than residential construction.

• **Distribution Obstacle**—Added to this is an unestimated potential in fire-retardant treatment for all kinds of structures. Military requirements gave a tremendous impetus to this process during the war, but when these were fulfilled, volume of wood so treated fell from the peak of 65,600,000 b. ft. in 1943 to only 8,500,000 b. ft. in 1944.

The first obstacle to be overcome in promoting more widespread use of treated lumber is distribution. (Higher costs, it is claimed, are all but offset by longer life and reduced insurance charges.) Treated wood must be as read-



## AN OUNCE OR A TON

**T**HE manufacture of electrical equipment, involving the use of thousands upon thousands of parts ranging from tiny nuts and bolts to heavy castings and large reels of wire and strap copper, creates an unusually varied handling problem. To one prominent manufacturer, faced with increased production schedules, this problem was complicated still more because production operations had to be carried on in and between several connected buildings.

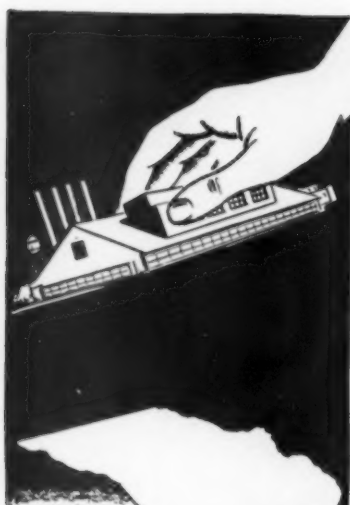
Analysis of the problem revealed the need of a handling system capable of transporting materials and partially-finished products of varying sizes, shapes and weights between production operations. Towmotor, the modern materials handling system, was chosen because of its ability to operate with heavy loads under low ceilings, to carry loads up steep inclines and through narrow aisle-ways. Particularly important was its flexibility which

permitted switching quickly from one task to another. It could and does work regularly in receiving, stores, machine shops, heavy assembly and shipping. Now, without having had to rearrange machinery, production has been increased, man hour handling costs have been reduced and personnel safety has been measurably improved.

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ily available as untreated. At present a builder must often arrange to have his wood treated.

• **Strategic Plants**—Some steps are being taken to correct this situation. For example, American Lumber & Treating Co. is building plants alongside three big lumber yards of Weyerhaeuser Timber Co. so that Weyerhaeuser can have treated lumber always available for distribution.

Creosoted lumber is odorous, can't be painted, hence is unsatisfactory for many construction uses. Over the years various salt preservatives have been developed, notably zinc chloride, chromated zinc chloride, and Wolman salt, which is a mixture of sodium fluoride, sodium arsenate, sodium chromate, and dinitrophenol. But these account for only a minor fraction of wood preservatively treated.

• **Doubting Thomases**—Two chemical companies, Dow and Monsanto, now are offering still another noncreosote preservative to the industry—pentachlorophenol. But they have met sharp resistance from an industry that holds time-testing to be the only measure of a process' worth. The attitude of much of the industry is that pentachlorophenol may have some market value while creosote is short, but in normal times the tried-and-true processes will prevail.

The chemical companies counter with records covering years of test exposure to insects and decay and point out that both Western Electric Co. and REA accept it. There the argument rests—and probably will continue to rest until sufficient time has elapsed to satisfy the skeptics.

## Shops Need Pine

Pattern makers of several industries look desperately to CPA for action that will give them the wood they require.

Pattern makers, squeezed by the lumber shortage because Housing Expediter Wilson W. Wyatt's program is gobbling up the pine with HH ratings, which outrank their CC ratings, are looking desperately to the Civilian Production Administration to save their small but vital industry. For 1946, they need only 33,000,000 b. ft., 0.1% of hoped-for total lumber production.

Unless pattern lumber is set aside or otherwise made available to pattern shops and foundries, the automotive, farm machinery, and other industries which depend on castings made from wooden patterns will be seriously handicapped.

• **Unprepared**—CPA was caught unprepared when the great housing crisis swept lumber yards clear of almost everything but sawdust. With HH ratings, the veterans usually got lumber. Yards are permitted to restock their inventories after HH sales; they cannot do so when they sell on CC ratings. Naturally, lumber yards prefer to remain in business, even if it means offending oldtime customers.

Instrumental in focusing attention on the plight of the pattern makers was E. T. Kindt of Kindt-Collins Co., Cleveland pattern shop supplier. CPA



## GIRDING FOR A RUSH OF BUSINESS

Gearing for top-speed production in electronic equipment, RCA Victor Division of Radio Corp. of America has bought from the Navy Dept. what it calls the world's most modern electronic and television tube plant. Purchase price was \$4,362,500. The plant, at Lancaster, Pa., built and operated by RCA for the Navy, achieved a peak war output of \$30,000,000 a year. RCA anticipates a market five times as great as the one before the war, will make its tubes available to other manufacturers. Plans call for an additional \$2,000,000 investment in the 99-acre plant, which includes the main factory, a luminescent materials building, development laboratory, gas plant, and powerhouse.

# Are You Struggling to Make Sense out of World News?

If you find yourself struggling to make sense out of world news, don't worry about it—millions of other Americans are in the same boat.

We see headlines about Azerbaijan or Jehol or Karachi. About the French devaluating the franc. About trouble in Argentina. About Socialism in Britain. About the threat of Russia. And we're confused. Everybody is trying to give us "hot" news. And hot news often has no perspective. No background. No real meaning.

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people—for that's what your staff will do. In London, Cairo, Shanghai, Rio, Berlin—or wherever else things are happening that Americans should know about. And your staff in the nation's capital, where they have had so much experience in making national affairs *make sense*, will skilfully put the facts together so that you see *behind* the news to its real meaning, *beyond* to what is ahead.

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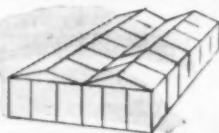
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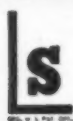
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now is seeking to determine the extent of the shortage.

• **What May Happen—**Woods most used by pattern makers are California sugar, Idaho white, and eastern white pine. If convinced of the need for action, CPA may do for the whole industry what it did for the Pattern Makers Assn. of Southern California last week—offer to set aside pine for them with a dealer chosen by the pattern makers.

Main hope in finding pine for pattern makers is in excess of HHI ratings issued above actual startings of home construction.

• **Still in the Woods—**Would-be homebuilders got 220,000 HHI ratings in the first quarter of 1946, good for 2,300,000,000 b. ft. Production of the types of lumber they want, however, was only 1,600,000,000 b. ft. during that period. The rest was still in the woods.

Labor shortage in the woods is another and older problem bothering CPA. Goal set by John Small, CPA's chief, is 32,000,000,000 b. ft. for 1946. The current rate of production looks like 27,000,000,000, but the peak production months—July, August, and September—are still ahead.

## NEW PEANUT FIBER

If, in the future, your new suit is made from peanuts, don't be too surprised. A peanut protein fiber has been developed at the Agriculture Dept.'s Southern Regional Research Laboratory in New Orleans. Similarity of this fiber to Ardil, a peanut fabric developed in England, suggests that some day peanuts may furnish competition for wool.

Ardil, woven 50-50 with wool fibers, makes a fabric which Imperial Chemical Industries of England reports "scarcely distinguishable" from pure wool. It takes dye like wool, and reacts similarly to moisture.

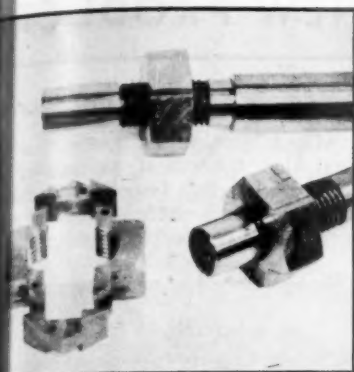
While the New Orleans work closely parallels that of I.C.I., its research was done independently as part of an assignment to find increased uses for peanuts. The peanut fiber has been developed through all stages of textile manufacture, including knitting and twisting. However, no mills are set up for its manufacture, and patent arrangements with I.C.I. are yet to be worked out.

In producing the fiber, protein is removed from peanut meal by an alkaline solution after the raw peanuts have been bleached. The meal residue still contains enough protein content to be valuable as livestock feed.

## STALK-HARVESTER WANTED

Practicability of making paper and container board from cotton stalks has been demonstrated to the point where, according to the developer of the process,





## OPEN AND SHUT NUT

fitting together with dovetailed interlocking joints like the famous Chinese lock puzzle, the divided nut, invention of Matthew J. Shaffrey, St. Louis press company employee, drew considerable attention from engineers and industrialists at Chicago's recent inventors' show. The device, resembling an ordinary hex nut cut into segments, can be made in any size. Since it assembles on the shaft on short threaded sections (above), it stays locked in place without benefit of cotter pins, it is reported. It also simplifies nut removal from corroded shafts, the inventor claims. He has also patented a threaded cutting die with the same divided construction.

All that is needed is an inexpensive method for harvesting the stalks.

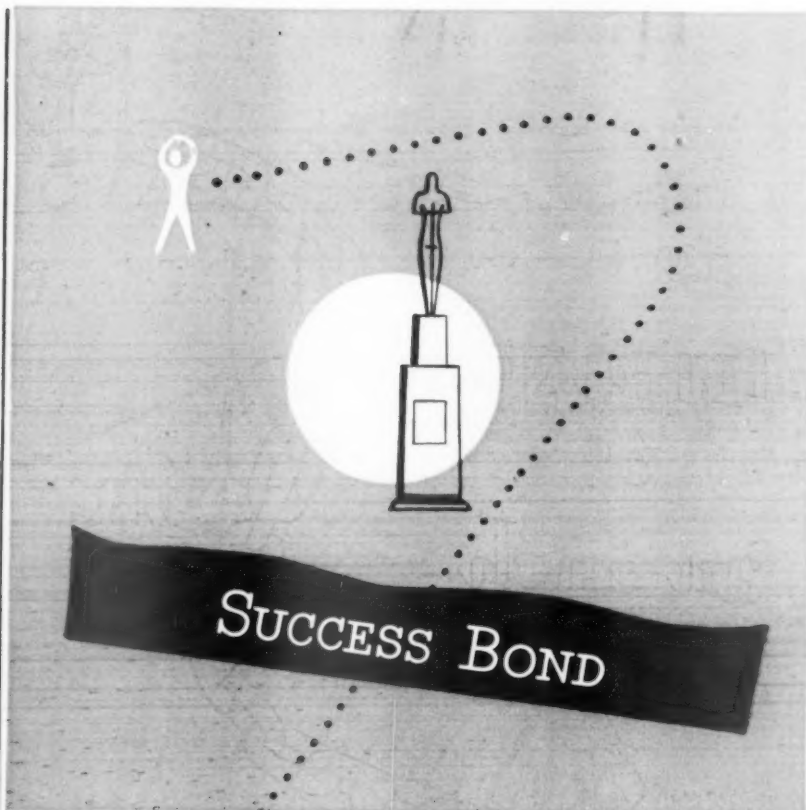
Barbados-born Cyril Fitzgerald Atkins, head of the chemistry department at Johnston C. Smith University, Neenah institution at Charlotte, N. C., has had samples of his cotton-stalk paper (W-Sep.29'45,p64), made by Champion Paper & Fiber Co., and of his rugated board, made by the Herty Foundation, Savannah.

Dr. Atkins' experiments, in which he had the help of Ulysses Simpson Atkins, a former colleague, were financed with a grant of \$28,400 from PB's Office of Production Research Development.

Cotton stalks used were pulled by hand. Adhering soil was removed by shaking. No new machinery was required to digest or refine the pulp.

Best results were obtained with sulfate and soda processes, using pressures of 100 lb. to 140 lb. per sq. in. for 10 to four hours.

The average acre of cotton yields 100 lb. of stalks, enough for about 1 lb. of paper. At the rate of 50¢ an hour for manual labor, it costs about \$7 to pull and deliver a ton of stalks.



A 75% cotton fibre content paper made with extreme care, Success Bond in the Neenah line is distinguished by its appearance and finish, its crispness and strength. Success Bond is designed for age-resisting records, impressive business and personal stationery, legal forms and other papers that are being handled constantly.

# NEENAH

BETTER BOND PAPERS FOR EVERY PURPOSE

These famous names identify the papers manufactured by the Neenah Paper Company. The name *Neenah* appears in each watermark to identify the genuine for your protection.

OLD COUNCIL TREE BOND

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NEENAH THIN PAPERS

TUDOR LEDGER

STONEWALL LEDGER

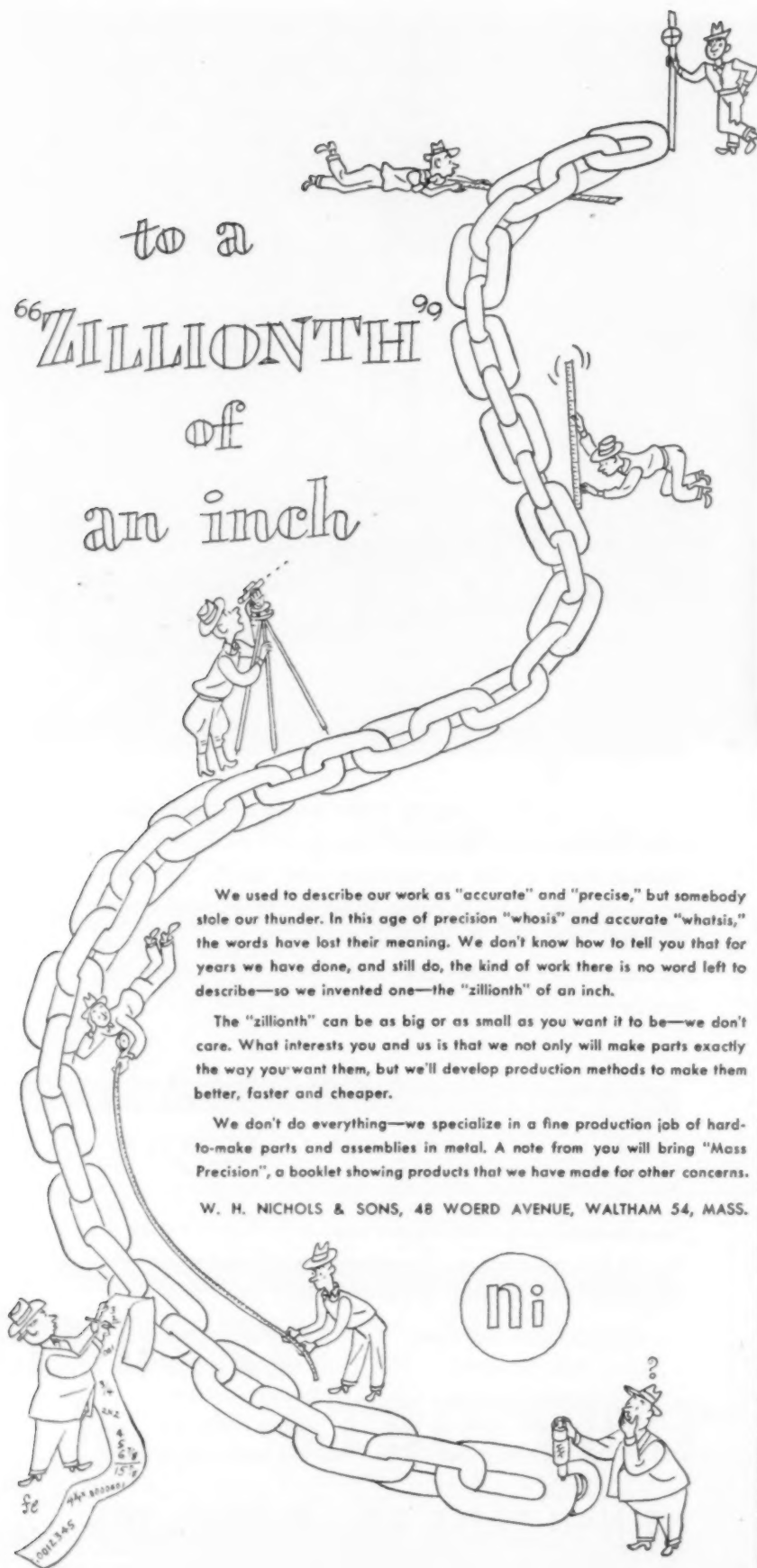
RESOLUTE LEDGER

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NEENAH PAPER CO. • NEENAH, WIS.

# to a "ZILLIONTH" of an inch



We used to describe our work as "accurate" and "precise," but somebody stole our thunder. In this age of precision "whosis" and accurate "whatsis," the words have lost their meaning. We don't know how to tell you that for years we have done, and still do, the kind of work there is no word left to describe—so we invented one—the "zillionth" of an inch.

The "zillionth" can be as big or as small as you want it to be—we don't care. What interests you and us is that we not only will make parts exactly the way you want them, but we'll develop production methods to make them better, faster and cheaper.

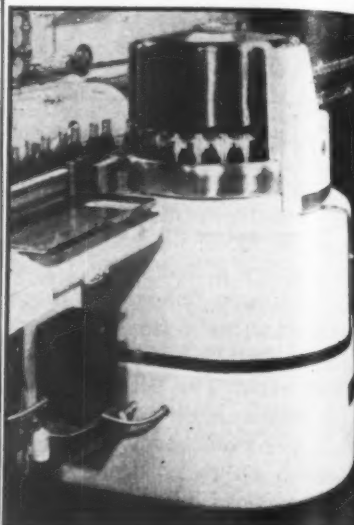
We don't do everything—we specialize in a fine production job of hard-to-make parts and assemblies in metal. A note from you will bring "Mass Precision", a booklet showing products that we have made for other concerns.

W. H. NICHOLS & SONS, 48 WOERD AVENUE, WALTHAM 54, MASS.

## NEW PRODUCTS

### Automatic Beverage Inspector

Minute particles of foreign matter, even when transparent, are detected by the RCA Beverage Inspection Machine which combines electronic, optical, and mechanical devices in a streamlined



easy-to-clean unit. Developed by the Radio Corp. of America, Camden, N. J. in cooperation with the research department of the Coca-Cola Co., the machine will automatically handle up to 140 bottles per minute. Bottles are rotated as they pass through phototube inspection. Failure of the inspection system or insufficient rotation of the bottle causes rejection of the bottle or stopping of the machine. Safety devices protect the machine when jamming occurs in conveyors, or bottles break.

### Microwave Inspection Tubes

Microwave radio tubes reported to be of new basic design which permits them to be used with relatively simple waveguide systems and be built into production lines for inspection, control, and grading operations have been developed by Sylvania Electric Products, Inc., 515 Fifth Ave., New York. The tubes include 1,000 to 5,000-megacycle receiving and low-power transmitting types which, with appropriate circuits and waveguides, are said to be suitable for the detection of faults of structure, moisture content, impurities, surface hardness of metals, ripeness of fruit, and other characteristics of products passed through the microwave system.

The magnitude of the electrical changes produced as the products pass through would vary with the nature and condition of the material and the

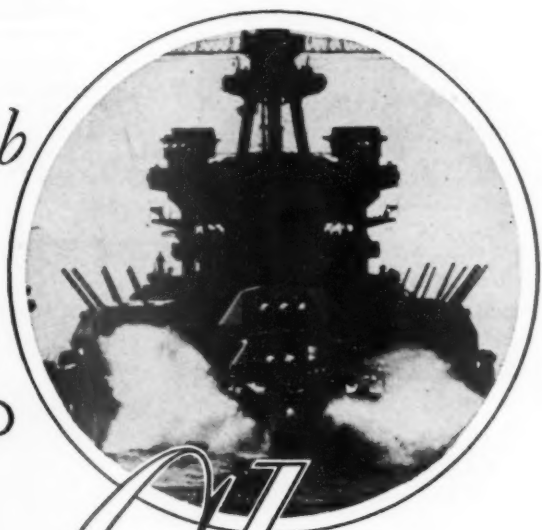
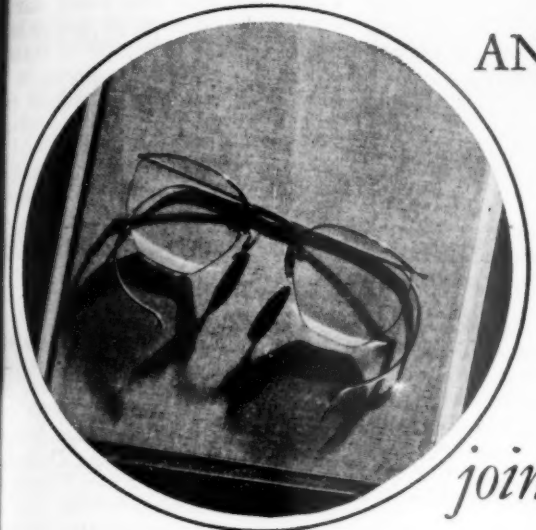
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At Bausch & Lomb  
*GAS*

AND

*Glass*

*join in Victory and Peace*



Glass for six ton range finders that employ 135 optical parts each, down to the pair of glasses that may mean the difference between good and bad vision for someone—that is the versatile scope of the great Bausch & Lomb plant at Rochester. In the processes Gas is employed for the necessary heat.

Exacting standards for this glass are maintained. It must be of uniform composition, absolutely colorless, have chemical and physical

***Precision optical production utilizes 800,000,000 cubic feet of Gas annually, at Rochester, N.Y. plant.***

stability and be free from strain or internal stresses. It is then of the utmost importance that the glass furnace temperatures be precisely controlled.

These temperatures range as high as 2600°F., must be maintained at a definite point over long periods of time, and the heat must be distributed uniformly throughout the pot. Gas and automatically controlled Gas equipment help accomplish the desired ends.

Gas, which serves the optical glass industry so well, can render you equally good service in any operation requiring heat. The Industrial Engineer of your local Gas Company is available for consultation on the subject.

***THE TREND IS TO GAS***

FOR ALL  
INDUSTRIAL HEATING

**American Gas Association**  
420 LEXINGTON AVENUE  
NEW YORK 17, N.Y.



## product salesmanship NEW PRODUCTS

from old models, or created from stem to stern with new materials - new processes

Your Market For Consumer  
Durable Goods Depends On

- 1-Consumer appeal - Smart styling and practical engineering.
- 2-Consumer satisfaction - built-in values, dependable operation.

GERALD C. JOHNSON ASSOCIATES HAVE DEVELOPED BOTH THE APPEAL AND THE SATISFACTION IN MANY WELL-KNOWN PRODUCTS

There is enough talk about products, but not enough salesmanship by the product itself.



Gerald C. Johnson Associates

101 PARK AVE. N.Y. MU3 • 3927

PRODUCT DESIGNERS &  
DEVELOPMENT ENGINEERS



## This FLOOR speeds light manufacturing

• The buoyant underfoot comfort of a Moultilite floor increases the efficiency of workers who must stand or walk most of the day. Yet the floor has ample strength to withstand light trucking. Permanently tight joints prevent loss of small parts and make for easy, dust-free sanitation. Moultilite is attractive in appearance, fire-resistant and low in cost. Write for samples to: THOS. MOULDING FLOOR MFG. CO., 165 W. Wacker Drive, Chicago 1, Ill.

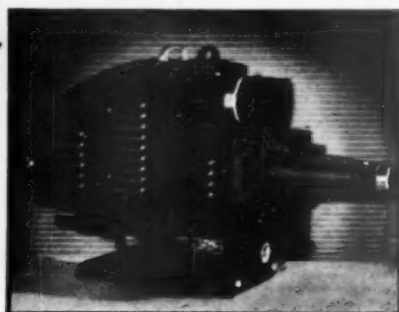
THOS. MOULDING

**Moultilite**  
Flexible-Reinforced  
MASTER ASPHALT TILE

be amplified and used to operate relays that would adjust the production line, control sorting mechanisms, or operate quality recording apparatus.

## Versatile Projector

Projection of the images of opaque objects onto a screen with a high degree of illumination is only one of the functions of the new projector developed by



Charles Beseler Co., 243 East 23rd St., New York 10. It also projects lantern slides and other transparent material, as well as 35-mm. film, with the aid of attachments.

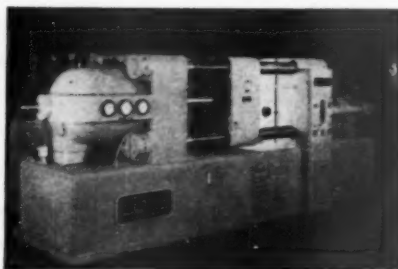
The pull of a lever switches to the type of projection desired, and the lens system is matched to make adjustment unnecessary. A motor-driven blower keeps the object and the projection lamp relatively cool for long operation.

## Valve in Hose

A short end section of hose, called the Water Saver and developed by the B. F. Goodrich Co., Akron, Ohio, contains an automatic valve which releases water only when the user bends the section of hose. It attaches to standard garden hose and can be used with or without a nozzle.

## High-Pressure Die Casting

Utilized principally for die-casting of aluminum, magnesium, and copper, H-P-M High Pressure Die-Casting ma-



chines, announced by the Hydraulic Press Mfg. Co., Mt. Gilead, Ohio, have mold clamping, metal injection, core pulling, and ejection units all operated hydraulically. Injection pressures from 6,000 to 50,000 lb. per sq. in. are avail-

able, and capacities range from 12 to 100 cu. in. per cycle. Two standard models are made, one for aluminum the other for magnesium. The magnesium machine has adjustable injection speed, hence is adaptable to the die casting of other metals.

## Printing-Press Time Saver

Called a means of registering multiple color plates accurately on printing cylinders, the new Opti-Check is designed to curtail makeready and reduce idle press time. While the press is running on one job, an extra set of galleys is readied for the next operation. A stand equipped with a steel scale and an overhead ground-glass viewing instrument. After a key plate is mounted on the cylinder, the spacing of the others are precisely positioned in relation to it, and the spacing of plates around the cylinder is accomplished by rotation with a calibrated gear. Plates on other cylinders can be registered with those in the first. This instrument made by H. H. Heinrich, Inc., 25 Varick St., New York 14.

## Broken-Bottle Leakproof

Even if bottles containing chemicals are broken in shipment or storage, the corrosive contents will not leak as they are coated with a tough, non-cellulose plastic in a process developed by Detroit Macoid Corp., Detroit. Tests reported by Hercules Powder Co. bottles containing sulphuric acid were thrown against a metal wall with enough force to shatter the glass, yet the coating retained its shape and prevented acid from seeping through.

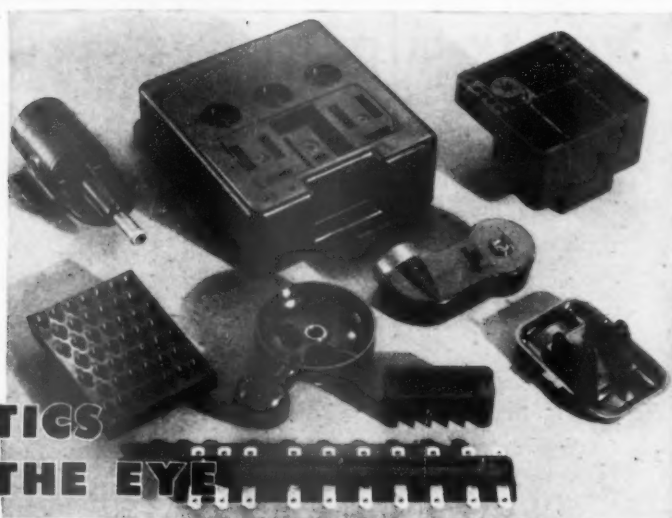
The plastic can be colored for identification purposes, but in its original transparent form it serves to protect the label. It is applied by dipping, a film 0.020 to 0.025 in. remaining on the container after draining.

## THINGS TO COME

New decorative fabrics woven with aluminum yarn, or aluminum yarn combined with other yarns, may appear in the not-too-distant future. Although the possibility of aluminum yarns made from foil has been considered for many years, recent commercial research, particularly stressing protective coatings to prevent tarnish, promises early application.

• Expected to be in production by fall, a new electric flat iron can be tipped forward on a hinged toe plate for convenient pressing of pleats, ruffles, and folds, children's garments, and fancy work.

# THERE ARE MORE USES OF DUREZ PLASTICS THAN MEET THE EYE



the electrical manufacturing field there are hundreds of "hidden" applications for Durez phenolic molding compounds. For example, take the molded Durez parts illustrated. They are of various Minneapolis-Honeywell electrical control devices. When the complete controls are assembled and in use, these plastic pieces are not all noticeable...bearing out the statement that there are more uses of Durez plastics than meet the eye. Furthermore, this axiom holds true throughout practically all fields of industry. There are several "hidden" (as well as obvious) applications for Durez phenolic plastics in the products you manufacture.

## Why Plastics?

Plastics have long been considered a vital material in the manufacture of electrical equipment. For many parts

...such as those illustrated...experience has proved that they are far superior to any other material.

## Why Phenolic Plastics?

Because the phenolics are the most versatile of all plastics, alert design engineers have learned to start with this group in searching for the plastic that fits their job. Such properties as high dielectric strength, arc resistance, dimensional stability under temperature extremes, impact strength, and heat resistance...to mention a few...make these ideally suited for many of the thousand-and-one small parts that go to make up the industrial or consumer electrical unit of today.

## Why Durez Phenolic Plastics?

During the past 26 years Durez laboratory technicians have actively partici-

pated in the successful development of thousands of products of which phenolic plastics have been an integral part. Combine this rich background with the fact that there are more than 300 versatile Durez phenolic molding compounds and you can readily understand why leading manufacturers everywhere look to Durez for the plastics that fit their jobs.

## Experienced Assistance Available

The benefits which the experienced Durez staff and a wealth of proved product development data can offer to you and your custom molder are available for the asking. Durez Plastics & Chemicals, Inc., 25 Walck Road, N. Tonawanda, New York. *Export Agents:* Omni Products Corporation, 40 E 34th St., New York 16, New York.



PHENOLIC  
RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

OIL SOLUBLE RESINS

**PLASTICS THAT FIT THE JOB**

## SUNROCS FOR THE "EUROPA"



**MONTHS AFTER V-J DAY**, Sunroc received a "rush" order from the Navy. 29 special Sunroc units were needed for the "Europa" . . . the German luxury liner was being converted to a transport, to expedite the return of troops from the European theatre.

Sunroc, in full-scale production for its civilian market, took the assignment in stride . . . as well it could, after producing tens of thousands of similar water coolers for the Government, during the war. Meeting deadlines is routine with Sunroc.

Perfect Sunroc Water Coolers . . . a wide range of post-war AC and DC models, precision-built for business, industrial, and institutional use . . . are immediately available. Sunroc's specialization in this one product has developed water coolers unmatched for dependability and economical, trouble-free operation. Get full particulars about Sunroc Water Coolers by writing Dep't BW-5, Sunroc Refrigeration Company, Glen Riddle, Pa.



"There's nothing like a cool drink of water"

**SUNROC**  
*Water Coolers*  
GLEN RIDDLE, PA.

# MARKETING

## Refrigerator Truck Line

Texas operators request ICC to authorize trailer-truck frozen food hauling in 41 states, claiming need for low-temperature tramp vehicles. Other carriers make initial protest at hearing

A chronic complaint of frozen food packers is the difficulty of getting low enough temperatures in railroad refrigerator cars to transport their wares safely (BW—Feb. 2 '46, p30).

Now a coast-to-coast produce trucking firm, American Produce & Vegetable Co. of Dallas, seeks to improve this situation by establishing a nationwide trucking service of specially built low-temperature truck trailers, exclusively for hauling frozen foods.

• **Family Enterprise**—American Produce is a family business founded 30 years ago by James LaBarba, an Italian immigrant. Five sons have since become his partners: Sherman, 32; Ernest, 31; Carlo, 29; Tony, 23; and Joseph ("Jo Jo"), 21. Last January the six LaBarbas incorporated American Refrigerated Express Co. to operate their frozen food service, with "Jo Jo" as manager. Now they are requesting permission from the Interstate Commerce Commission to operate it in 41 states (the other seven are too sparsely populated to provide much business).

Hearings were begun in Fort Worth last month, but are being moved to New York this month and to Los Angeles in June to permit complete airing of expected protests from railroads and other truckers.

• **Tramp Service**—American's proposed operation would differ from that of existing frozen food truckers in that it would offer nationwide service (others are intrastate or regional); handle frozen foods exclusively; and provide "tramp" service—trucks would not travel on fixed schedules but would move from point to point, picking up cargoes wherever they found them.

For example, an American Refrigerated Express truck might start from Boston with a load of frozen codfish and deliver it in Atlanta, where it might take on frozen peaches for delivery in Galveston, where it could pick up frozen Gulf shrimp for delivery in Los Angeles, where it could take on frozen orange juice for Des Moines, where it might pick up frozen Iowa corn for Manhattan.

• **Selling Points**—Joseph LaBarba is prepared to claim specific advantages for his proposed service:

(1) Thermostatic temperature con-

trol, with temperatures as low as -10 even when outside temperatures reach 100. (Temperatures in some ice-refrigerated railroad cars are reported to go as high as 20 F.)

(2) Recording thermometers to assure receivers that the quality of their shipment has not been endangered by high temperatures at any time en route. (Railroads add an extra charge for the service.)

(3) Elimination of interchanges and layovers which, in rail shipments, can be hazardous to frozen food loads.

(4) Door-to-door service.

(5) Hauling less-than-carload lots.

(6) Faster service. For example, American expects to run from Los Angeles to Dallas in 60 hr., compared with seven to ten days by rail.

Rates for the new service will be



## SOMETHING FOR NOTHING

One more merchandising technique came back from the wars last week when Pal Blade Co. began handing out samples on the sidewalks of New York. It's a localized aspect of the company's national program, is being backed up with window and counter displays plus direct mail to dealers



...mined only after American gets C's permission to operate, but LaBarba says they will average out to no more than 25¢ per 100 lb. above rail rates.

**Only the Beginning**—American will initially, 100 Fruehauf trailers with stainless steel exterior, aluminum interior, 6½-in. insulation walls of Fiberglas, and built-in Trail-Aire refrigeration equipment. Each can carry up to 10,000 lb. of frozen food. Joseph claims the firm would have to have 5,000 such trailers in order "to accommodate the frozen food hauling business it grows about."

The fabulous LaBarbas, incidentally, is reported to have the backing of Dallas banks to almost any tune they like to call. Naturally, other common carriers will not let this new competitive threat arise unchallenged. At the abortive Fort Worth hearing (to which the LaBarbas flew frozen food packers to testify to the need of their service) appeared (1) a Dallas lawyer who said West Coast truckers had instructed him by telephone to file a protest, (2) a Chicago lawyer representing about 35 railroads, and (3) a Railway Express agent. This was probably just the beginning of the fireworks that will be set off during the course of the New York and Los Angeles hearings.



## Are you buried behind an office "rat's nest"?

"My desk was as bad as yours, Tom, until I made a little rule for myself: 'Put it in writing.' Try it. It'll clear up that desk in no time—and keep it clean."

How to "put it in writing" is shown in Hammermill's idea-book, "Recipe for an Orderly Desk."

**SEND FOR THIS FREE BOOK**

Thousands of busy men have found that its clear-cut, easy-to-apply suggestions provide the technique for keeping routine jobs moving... clearing your desk and mind for important executive decisions... freeing your time for the worthwhile tasks. Just send the coupon.



**WORK SIMPLIFIED**

How to increase the productivity of selling departments (credit, accounting, etc.) is one of the retailers' major problems during these days of rising labor costs.

As an alternative to incentive-pay plans (one of the most common solutions) Marshall Field & Co.'s Joseph C. Spickler (assistant manager of the bureau of standards and industrial engineering) last week told the credit management conference of the National Retail Dry Goods Assn. how his company does it—via simplification of work routine. After streamlining office procedure, said Spickler, 16,000 man hours a year were saved in the credit department alone.

Incidentally, Marshall Field's success with its simplification plan points up other angles: (1) the company's effective use of management engineering, and (2) good labor relations. All efficiency devices used in the huge Chicago store are employee-originated. Outside firms and consultants are not used here's a clause, in fact, in the union contract barring them). Experience indicates that this procedure has paid off that employees seem to have a better understanding of plans that are developed by one of their own number in the store itself, and that they are also more cooperative in the institution of such improvements.

LOOK FOR THE

WATERMARK --- IT IS HAMMERMILL'S WORD OF HONOR TO THE PUBLIC

# HAMMERMILL BOND

Hammermill Paper Company, 1455 East Lake Road, Erie, Pennsylvania

Please send me—**FREE**—a copy of "Recipe for an Orderly Desk." (Check here ☐ if you'd like a sample book of the NEW Hammermill Bond, showing how this fine business paper has been improved in quality and color range.)

Name \_\_\_\_\_ Position \_\_\_\_\_

(Please attach to, or write on, your business letterhead)

8W-8-4



Offering a comprehensive consulting service in the field of air transportation covering economic, technical and financial evaluations of traffic, equipment and management problems.

**ALVIN P. ADAMS AND ASSOCIATES**

*Aviation Consultants*

9126 SUNSET BOULEVARD, LOS ANGELES 46, CALIFORNIA



## Automobile With Wings

THIS COMFORTABLE 3-wheel sedan is garaged at home ready for everyday use. For flight, its easily and quickly attached wings and tail surfaces are garaged at the airfield.

Delicate instruments, controls and devices that make such conveniences a fact are entirely dependent upon parts of highest precision.

Producing parts for all types of close-

tolerance requirements has been our business here at Ericsson for close on to 35 years. We are glad to consult with manufacturers whose new designs are more effectively marketed with close-tolerance parts produced economically.

(Below) Some of the many thousands of our precision parts that helped "Keep 'em flying and fighting."



## Sales Unlimited

Retail volume for first quarter runs at annual rate of \$90 billion. Heavy dip in savings appears likely soon.

Retailers do not need figures from the Dept. of Commerce to tell them they are in for another supercolossal year. The horde of women that descended on their premises this Easter is clew enough.

• **Annual Rate of \$90 Billion**—Nevertheless statistics issued last week by Commerce observers—to the effect that retail sales in the first quarter of 1946 were running at the lush annual rate of \$90,000,000,000—may give marketeers a hint of something they didn't think before: Expenditures for goods and services in 1946 will reach such staggering proportions that consumers will have to abandon the pay-as-you-go plan and dip into savings or credit to satisfy their craving for comforts.

The \$90,000,000,000-a-year rate attained in the first three months of the year contrasts with \$75,000,000,000 in actual sales for 1945 (BW—Mar. 24, p. 78), and a record prewar total of measly \$55,500,000,000 in 1941. It portends another year of record-breaking profits and the chance to sell merchandise of any type.

• **As Never Before**—Freed from rationing and war consciences, hit by post-



## LET IT RAIN

Now it's plastic hats for men, too. Lightweight "plastic-felt" that is said to retain its jaunty shape and dimensions even through severe laboratory "rains" is now on the market. It is made of wool combined with water-repellent "Vinyon" plastic fiber, a product of New York's American Vynose Corp. The hats retail for \$3.95.

# Harmless Words?

JUGGLE . . . .  
PAD . . . .  
DIP . . . .  
LIFT . . . .

**H**armless words? Sometimes, yes. But dangerous to the life of your business when employees "juggle" figures, "pad" expense accounts, "lift" valuable merchandise, "dip" into the till.

Today, with crime increasing, you cannot afford to take chances. More than ever, your company needs the protection of Fidelity Bonds. Bonding not only protects your company but also builds

employee morale by providing a tangible "clean bill of health."

Mail the coupon below for your free copy of "1001 Embezzlers." This unusual book portrays the average male and female embezzler . . . gives the facts behind many typical cases of employee dishonesty. Send for your complimentary copy of "1001 Embezzlers" today.

*"Consult your Insurance Agent or Broker as you would your Doctor or Lawyer"*



*Fill Out and Mail This Coupon:*

**U. S. F. & G.**  
UNITED STATES FIDELITY & GUARANTY CO.  
affiliate:  
**FIDELITY & GUARANTY FIRE CORPORATION**  
HOME OFFICES: BALTIMORE, MD.

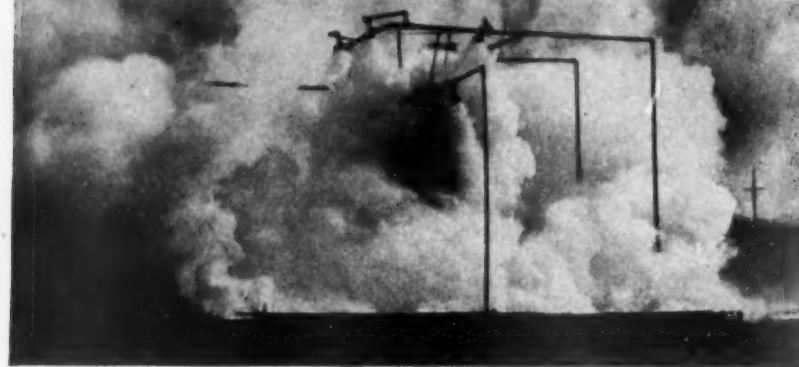
UNITED STATES FIDELITY & GUARANTY CO.  
133 E. REDWOOD STREET  
BALTIMORE 3, MD.

Please send me, without obligation, a copy of "1001 Embezzlers."

Name .....  
Company.....  
Address.....  
City ..... Zone ..... State .....



# Here's how **CARDOX** has Broadened the Scope of CO<sub>2</sub> Fire Protection



Carbon dioxide has, of course, long been recognized as one of the fastest, most effective fire fighting agents. Its advantages as a non-damaging extinguishing medium, with no clean-up mess or time loss, give it an important plus value in many industries and situations.

The problem has been to make this dry, inert gas practicably available in fire fighting equipment equally capable of protecting small, multiple or very large hazards.

Cardox Fire Fighting Equipment . . . using its own unique methods of engineered control and application . . . has multiplied the applications of carbon dioxide as a fire fighting medium.

As a result of these distinctive Cardox developments, low pressure liquid carbon dioxide can be applied with equal facility in pounds or tons . . . making it entirely practical to use this fast, non-damaging medium (1) To protect banks of large transformers outdoors, (2) To provide tons of Cardox CO<sub>2</sub> on a high speed truck to guard widely scattered hazards, (3) To overwhelm vicious airplane crash fires fast anywhere on large airfields . . . making possible speedy rescue of plane personnel and salvage of costly equipment, (4) To

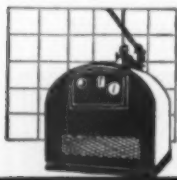
provide a single system capable of protecting multiple hazards throughout large plants, (5) To equip factories, hangars, etc. with a portable unit with sufficient wallop to deal with relatively large fires when seconds pay dividends. All Cardox Fire Fighting Equipment has one characteristic:

*The distinctive Cardox method of control and engineered application of carbon dioxide, stored at 0°F. and 300 p.s.i. in a single storage unit containing from 1/4 to 125 tons of fire-destroying Cardox CO<sub>2</sub> . . . enough to handle even large fires and leave an ample reserve for new emergencies.*

As a result of the removal of former limitations to the use of carbon dioxide by Cardox control and application, Cardox Fire Extinguishing Equipment can be engineered to provide protection for hazards indoors or out. We should welcome the opportunity of helping you evaluate accurately the place of Cardox Broadened CO<sub>2</sub> protection in your specific operation. Write for Bulletin No. 1056.

## **CARDOX CORPORATION** BELL BUILDING • CHICAGO 1, ILLINOIS

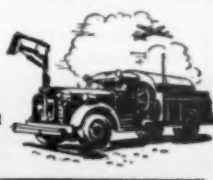
District Offices in  
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San Francisco • Los Angeles • San Diego



**FIXED FIRE  
EXTINGUISHING  
SYSTEMS**



**FIRE TRUCK—  
Tons of CO<sub>2</sub> on  
Wheels**



**AIRPORT FIRE  
TRUCK**



**TRANSITANK—  
Capacity—750 pounds**

## Selling Where It Counts

Lever Bros.' withdrawal of Vimms vitamins from the consumer market (BW-Apr. 13 '46, p102) has been the signal for sales managers and consultants to start creation of a new genus—the "ethical" salesman.

• As the trade knows by now, Lever's vitamins ran up against the obstacle of high-cost repeat sales because they were merchandised directly to consumers, whereas vitamins made by "ethical" houses (Squibb, Abbott Laboratories, etc.) are merchandised to the medical profession which urges consumers to keep buying whenever initial interest falters.

Noting the value of such professional assistance, sales consultants are beginning to urge their clients—notably building material and paint manufacturers—to imitate the tactics of the "ethical" drug houses. In the case of paint, for example, the manufacturer would cultivate assiduously the goodwill of architects so that this professional group would specify what paints and varnishes should be used in a proposed new structure or renovation.

• Some book publishers may also adopt a roughly similar idea, involving a personal sales presentation to book critics in addition to the mere distribution of review copies and staging of cocktail parties.

increases and the upgrading of goods, deprived of durables by strikes and re-conversion, favored by the wartime redistribution in incomes, and swelled in numbers by the transformation of millions of servicemen into civilians, consumers have been spending this year as never before, buying anything they can lay their hands on. That means chiefly nondurables. This is how the Dept. of Commerce charts the annual sales rate and "deviation" from expected sales—those that could have been expected on the prewar relationship of sales and income:

	1st Quarter 1946	Deviation (Billions of Dollars)
All retail .....	\$90.0	—\$ 1
Durable goods ...	14.5	— 14
Nondurable goods.	75.5	+ 13

But conversely: When and if more hard goods become available later in the year, will consumers eat less food and wear less expensive costume jewelry in order to buy autos, refrigerators, home freezers?

Most probably not. Fortified with

savings, they will probably grab up everything available in both categories. That situation can easily generate an annual retail sales rate in excess of \$100,000,000,000 in the final quarter of 1946. At that pace, consumers can't save.

**End Not in Sight**—Adding some \$35,000,000,000 to \$38,000,000,000 for services to the prospective \$100,000,000,000 retail sales-rate means, in fact, that there will be net "dissavings"—that is, a drawing on consumer bank accounts and credit sources.

Economists hesitate to guess how long this boom will last. But 1946 most assuredly will not see the end of it. In retrospect, Dept. of Commerce estimates for the first quarter of this year show:

	1st Quarter 1946*	1945 Actual (Billions of Dollars)
All nondurable goods		
stores .....	\$75.5	\$63.6
Apparel group.....	9.3	7.7
Drug stores.....	3.3	3.0
Eating-drinking places .....	11.3	10.1
Food group.....	23.2	19.7
Filling stations.....	4.0	3.0
General merchandise	14.1	11.6
Other retail stores..	10.3	8.6
All durable goods stores	14.5	11.0
Automotive group..	4.2	3.3
Building material- hardware .....	5.5	4.0
Home furnishings..	3.5	2.6
Jewelry stores.....	1.3	1.1
Total .....	\$90.0	\$74.6

\* Seasonally adjusted at annual rates.

## BIGGER SKY ADS

Aerial advertising on a more elaborate scale, with dirigibles carrying huge electrical running signs, will be inaugurated this summer by the Douglas Leigh Sky Advertising Corp. First client signed up is Metro-Goldwyn-Mayer.

Three K-type dirigibles, which Leigh bought from the Navy, are four times as large as the blimps formerly used for sky advertising. A minimum of 5,000 lamps on each side is expected to make the 200x25-ft. message visible for five miles. The ships, carrying noncompetitive ads, will cover such centers as New York City, Philadelphia, Baltimore, Washington, and Hartford.

M-G-M plans to install 800,000,000 candlepower searchlights on the roofs of New York's Capitol and Loew's State theaters and catch the blimps in cross beams.

Leigh, which may introduce the advertising innovation in other sections of the country later, has arranged hangar space at Lakehurst, N. J. The ships will be available to the Navy in case of any national emergency. They will be operated by former Navy personnel.

# BAKER TRUCKS

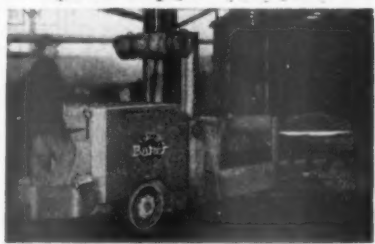
## help forge plant gain maximum production efficiency



Remote areas in storage yard are easily accessible with Baker Trucks.



Baker Trucks carry dies and die blocks weighing 5 tons up a 10% incline.



Skid loads of billets are carried right up to furnaces with Baker Trucks.

the work is performed by a fleet of Baker Lift Trucks. Skid loads of billets and forgings ranging from 4,000 to 10,000 lbs. are transported between furnaces, hammers and trim presses on these trucks. Dies up to 10,000 lbs. are carried on skid platforms and above 10,000 lbs. on heavy-duty buggies pulled by the trucks. In this plant, Baker trucks with 5-ton loads successfully negotiate ramps with grades up to 10%. Despite the strenuous work . . . in-and-out-of-doors . . . the trucks are giving dependable service with minimum maintenance.

Complete mechanization of all handling operations was a major factor in bringing the output of a large forge plant to the highest level in its history. The bulk of

A Baker Material Handling Engineer can help you achieve similar efficiencies. Write for Catalog and Handbook.

**BAKER INDUSTRIAL TRUCK DIVISION of The Baker-Raulang Co.**  
**2164 WEST 25th STREET • CLEVELAND, OHIO**  
**In Canada—Railway & Power Engineering Corporation, Ltd.**



Members: Electric Industrial Truck Association





Black Horse Brewery, Montreal, Canada.

## Why do Breweries "Daylight with Insulux"?

**T**HE famous Black Horse Brewery, Montreal, Canada, finds it pays to "Daylight with Insulux."

Maintenance costs on windows are lowered because panels of Insulux Glass Block are not affected by high humidity—they are highly resistant to vapor and moisture. Insulux does not require painting and it does not rust, rot or corrode.

Panels of Insulux help insure purity. They seal out dust and dirt and are easy to clean and keep clean. Furthermore, all working areas are flooded with diffused natural daylight.

High insulating value results in lower heating costs. Condensation is reduced because moisture will not start to form on the room

side of Insulux Glass Block until the outside temperature is much lower than that which produces condensation on a single glazed window.

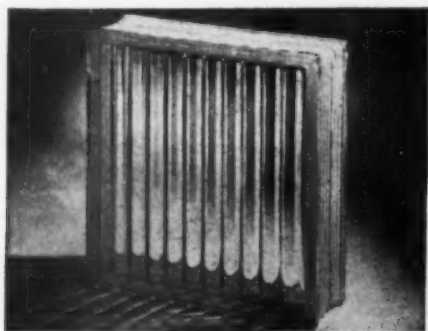
Write for complete information on the advantages of "Daylight with Insulux" as adapted to your business. Address Dept. C-40, Owens-Illinois Glass Company, Insulux Products Division, Toledo 1, Ohio.



Insulux Glass Block panels at Griesedieck Western Brewery, Belleville, Illinois, block out dust and dirt.

**OWENS-ILLINOIS**  
**INSULUX**  
**GLASS BLOCK**

Insulux Glass Block is a functional building material—not merely a decoration. It is designed to do certain things that other building materials cannot do. Investigate!



## Battle of the Pens

Eversharp and Ball entries enliven ball-point competition. Price-cutting possibility seen in further crowding of field.

Two more ball bearing pens rolled into the market last week, with the result that Sunday newspapers carried the first big advertising salvo in the developing battle of the pens.

• **Battle Waxes Hotter**—In New York, Eversharp's new "CA" (for capillary action) got far and away the biggest support. Thirteen stores—department, drug, specialty—gave it a sendoff in paid space. The other newcomer—Ball Pen Co.'s "Blythe" pen (which has been distributed only regionally heretofore)—got a mighty splurge from Hearn's department store which will be sole New York distributor. The Reynolds pen, now a veteran, was as usual liberally backed by Gimbel's plus one other store.

With some old-line pen companies—Eversharp, Inc., and Eberhard Faber—now in the picture, the battle for the market inevitably will get hotter. Eversharp and Eberhard Faber promise "the most powerful advertising campaign in the history of the industry" for CA, their joint enterprise, complemented with point-of-sale tie-ins, dealer advertising, and lots of radio (both network and spot). Estimated 1946 production is 5,000,000 pens.

• **Cooperative Ads**—Reynolds, which sold 2,000,000 pens last year when it had the ball bearing market practically to itself, is now unlimbering a \$2,000,000 advertising budget which will call for insertions to run under the Reynolds aegis as well as cooperative advertising with dealers.

Eversharp's CA—sales and manufacturing rights of which were purchased from Eterpen Sociedad Anonima of Buenos Aires—is selling at \$15, as against Reynold's \$12.50, while "Blythe" is tagged at \$9.95. CA is guaranteed to write from three months to three years without refilling (refills retail at 50¢). "Blythe" is represented to write for five years, and Hearn's is throwing in one refill free. Reynolds claims a four-year writing stretch for its latest model (BW—Apr. 20 '46, p. 74).

• **Waterman Coming In**—Meantime, aside from their marketing-advertising pyrotechnics, all of the ball-bearing pen makers simultaneously are engaged in a court fight. Eversharp and Eberhard Faber, as joint holders of patent rights, and Reynolds have a maze of suits and countersuits woven around each other (BW—Dec. 8 '45, p. 34), while Ball Pen Co. is being sued by Eversharp and Eberhard Faber and also by Eterpen



Sociedad Anonima for alleged patent violations and unfair trade practices (BW-Mar. 24, p. 78).

Next old-line names to tackle the ball bearing pen market will be L. E. Waterman Co. and W. A. Sheaffer Pen Co. Thereafter, predict marketers, the fight will get rough enough for price-cutting.

## War Paint Stays

Producers of water-mixed brands, far from giving them up, are now laying their campaign plans for intensive competition.

A prediction prevalent in the paint industry during the early 1940s—that the rash of water-mixed paints would prove merely a wartime phenomenon—is in for a resounding refutation.

A campaign of advertising and promotional activity on the part of manufacturers and dealers, now in preparation, is expected to send 1946 sales of these paints skyrocketing to 20,000,000 gal.

• **Campaigners**—Leading the drive will be Sherwin-Williams Co., Cleveland. Alongside will be Glidden, Patterson-Sargent, U. S. Gypsum, and others, with their similar type paints with which they expect to give Sherwin-Williams something of a battle. Montgomery Ward and Sears Roebuck will be plugging their own brands.

National Chemical Co. of Chicago was first in the field with its Ultra Luminal early in 1941. Skeptics saw room for such a novelty only in view of the fact that oil-base paints were then becoming increasingly scarce, due to the war.

• **Kem-Tone**—Sherwin-Williams, Glidden, and a number of other paint companies had been experimenting with a flat paint, using pigment, color, oil, synthetic resin, and an emulsifying agent, for many years. Only a step behind National Chemical was Sherwin-Williams with its Kem-Tone, which comes as a paste to which water is added.

• **Response**—Kem-Tone sales for the first full year, 1942, ran well above 8,000,000 gallons, and better than 7,000,000 gallons were sold in 1943 and 1944. Now the company expects to reach the ten-million-gallon sales figure in 1946.

Rivals, busy on government paint or held up by lack of materials, were pretty well stymied during the war years. But lately their position has improved.

• **Oil for Flat-Lux**—Patterson-Sargent Co., Cleveland, which has consistently stood aloof from water-mixed paints and was only able to market its oil-base Flat-Lux (easy to apply over wall paper) to a limited degree because of scarcity of oil, suddenly found not only the supply



## SILENCE...made to order

Gone are most of the buzzing rumblings of auto bodies, passenger planes and air conditioning ducts... gone because research learned how to "deadend" sheet metal by the application of Flintkote Sound Damping Materials... a special system developed for this purpose.

These materials have changed the bong of a slammed car door into a muffled

click... removed the hum from electric refrigerator walls... and dispensed with dozens of other noises caused by metal vibration or telegraphed sound.

Sound damping materials are but one of many types of Flintkote-developed materials... all helping manufacturers make better products. Perhaps you can use some of them in your own business.

### Yes Flintkote Makes Many Things...

In addition to sound damping materials, Flintkote makes corrosion and moisture-resisting compounds for metal, concrete and wood... waterproofing materials for interiors and exteriors... paper boxes and containers... expansion joints... industrial floorings and cements... rug backing compounds... rubber dispersion products... adhesives... and, of course, a complete line

of building materials for remodeling or new construction. The extensive research, development and manufacturing facilities of Flintkote are always at your disposal. THE FLINTKOTE COMPANY, 30 Rockefeller Plaza, New York 20, N. Y.; 55th and Alameda Streets, Los Angeles 54, California; 25 Adelaide Street East, Toronto 1, Ontario.



# FLINTKOTE

BUILDING MATERIALS, PRODUCTS FOR INDUSTRY, PAPER BOXES & CONTAINERS

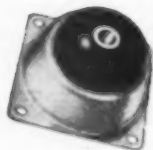
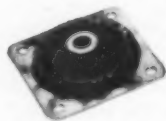




# Engineered VIBRATION CONTROL



**REDUCES INDUSTRIAL  
FATIGUE**  
**IMPROVES PRODUCTION  
RECORDS**



"Vibration nerves" are a chief cause of industrial fatigue, with all its attendant troubles: employees who are tired before lunch-time; supercritical foremen and quickly resentful workers; confusion; lowered production; increased absenteeism and labor turnover; all cutting deep into company profits.

An investment in Lord Engineered Vibration Control is an investment in improved morale of men as well as improved performance of machines. When you call in a Lord Engineer, you are calling on a generation of experience and research in the field of vibration control. Lord has a larger line of scientifically designed mountings and a larger library of experimental data and field studies, than all other companies combined.

When you come to Lord, you are coming straight to Vibration Control Headquarters.

Every genuine Lord Mounting carries the name "LORD" embossed in the rubber or in raised letters on the forgings.

★ BUY VICTORY BONDS ★

IT TAKES BONDED RUBBER *In Shear* TO ABSORB VIBRATION

**LORD MANUFACTURING COMPANY**  
ERIE, PENNSYLVANIA

*Originators of Shear Type Bonded Rubber Mountings*

SALES REPRESENTATIVES  
NEW YORK - 280 MADISON AVE.  
CHICAGO - 520 N. MICHIGAN AVE.  
DETROIT - 7310 WOODWARD AVE.  
BURBANK, CAL. - 245 E. OLIVE AVE.  
CANADIAN REPRESENTATIVES  
RAILWAY & POWER ENGINEERING CORP., LTD.  
TORONTO, CANADA



but the quality of the type of oil used greatly increased.

The company is now able to move into a more competitive position, claiming for its product all the good points of a water-mixed paint, plus a few important ones which are inherent in an oil-base paint.

• **Spred-Luster**—Glidden, unable during the war to expand the production of its water-mixed Spred, put to good use the know-how its chemists had picked up in making a paint for the armed forces that could be mixed equally well with water, oil, or turpentine. Now Glidden is ready with its new water-mixed enamel paint, Spred-Luster, claiming it will provide a surface that can really be washed (not just sponged), can be applied to wood as easily as to wall finish or wall paper, and provides a surface with a satin-like finish, thus permitting its use in bathroom and kitchen—two spots where the ordinary water-mixed flat paints cannot be used to advantage.

Glidden will continue to market Spred, competing with Kem-Tone in the same price field, but will charge one dollar more a gallon for the new product.

• **U. S. Gypsum Plans**—Pittsburgh Plate Glass Co. will continue to market a water-mixed paint under its Techide brand, but it has no plans for any aggressive campaign for this particular product.

On the other hand, the U. S. Gypsum Co. is going ahead full speed on plans to expand the market for Texolite, its water-mixed paint. Being able to do a job of selling Texolite along with the gypsum products, the company has from the introduction of this paint been able to capture a part of the available market with little effort. Some advantage accrued by reason of the salesmen's guaranteeing that Texolite would provide a cheap and decorative covering, and that it would not be affected by the joint sealer used to bind the wall board together.

• **Speed-Easy**—Du Pont was late in getting into the water-mixed paint field. Dubious as to the value of such a paint from the time it was first introduced by National Chemical, du Pont waited a year before announcing Speed-Easy as its entry.

## ARTIFICIAL LIMB CODE

Members of the Assn. of Limb Manufacturers of America have adopted a fair trade practice code approved by the Federal Trade Commission, and are reported ready to plead nolo contendere to an antitrust indictment pending in United States District Court at Washington.

The new rules are designed to eliminate the practices complained of by the

Justice Dept., which accused artificial limb manufacturers (45 companies and individuals) of conspiring to hold up prices both to veterans and to civilians, and of obstructing progress toward better and cheaper limbs.

One factor in the settlement was the Veterans Administration's insistence on the need for immediate production of limbs to take care of ex-servicemen. And the agreement may presage a new era of cooperation between the Justice Dept. and FTC, whose new member Lowell Mason is advocating common-sense regulation.

The new code emphasizes the importance of custom fitting (BW-Jan. 27, p. 48). Limb makers have long contended that their profession cannot use mass production methods. The new rules also provide for sharing improved techniques developed at the industry's research laboratory in Detroit.

**S.** Monitor Equipment Corp., new buying group in the hard goods field mutually owned by distributors (BW-6.9.46, p. 51), is beginning to get a trickle of merchandise from suppliers. Early item: carpet sweepers, made for Monitor by White Aircraft Co.

The Higgins pleasure boat display which R. H. Macy & Co. and L. Bamberger & Co. staged cooperatively with Higgins, Inc., in New York last week (BW-Apr. 27, 46, p. 82) paid off with 179 craft sold for a total of \$1,120,000. Not all this accrued to the department stores, however, since suburban distributors, and Higgins' own salesmen, handled some of the prospects.

Higbee Co., Cleveland department store, is announcing "wheatless" Wednesdays and Fridays in its restaurant, and also using President Truman's conservation order to plug the sale of cookbooks.

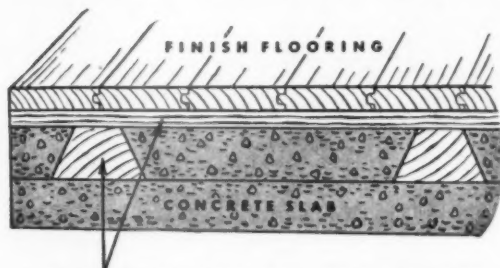
**Add frozen meals:** The Prince Macaroni Co., Lowell, Mass., is readying for the market a line of frozen cooked Italian specialties.

**Sales of Safeway Stores** (nation's No. 1 food chain) last year totaled \$664,715,499, up 14% from 1944. Like most corporate chains, Safeway is still cutting down the number of its units to make way for bigger, more profitable stores. Latest count: 2,452 units as against 2,700 ten years ago.

**In the first eleven weeks of this year**, Roebuck had to turn down \$78,000,000 worth of catalog orders because of merchandise shortages. In all 1945, \$124,160,000 worth of orders were returned because of shortages. Nonetheless, Sears sales currently are running 50% ahead of last year, will amount to better than one and one-half billion dollars in 1946 if the pace doesn't slacken.

## Speaking of floors

**WE LIKE TO BE IN THE MIDDLE**



**WOLMANIZED\* SUBFLOOR AND SLEEPERS**

Here's the spot—in the middle—where Wolmanized Lumber belongs. You don't want your floors to loosen, decay and crumble. Untreated lumber is food for fungus—moisture makes it grow. On Wolmanized Lumber decay fungus cannot grow—the Wolman Salts\* preservative is fatal to it. Use Wolmanized Lumber generously on all subfloor construction . . . and you'll add years to the service life of your buildings.

### **PRESSURE TREATMENT...**

#### **DRIVES PROTECTION DEEP**

You can't just brush it on, you can't dunk it on . . . you've got to drive it into the fibers of the wood to get real protection. Here at American Lumber & Treating Company, we do it under great pressure in steel retorts. The protection is there for keeps.



\*Registered trademarks

FLAMEPROOFING

WOLMANIZING

CREOSOTING

**1656 McCORMICK BUILDING, CHICAGO 4, ILLINOIS**





## Relax with a »MARXMAN»

Pipes for active men... rare selected briars fashioned into fine pipes that please the eye and give years of smoking enjoyment. Many shapes, from \$3.50 to \$25.00. At fine stores.

**FREE BOOKLET** Shows how pipes are made... tells how to break in a pipe.  
Address Dept. 74.



*The GUESS IS OUT WHEN YOU  
MEASURE YOUR VALUABLE  
STORED LIQUIDS WITH*  
**LIQUIDOMETER**  
*Tank Gauges*



WRITE for  
COMPLETE  
DETAILS

"LIQUIDS WORTH STORING ARE WORTH MEASURING"



# LABOR

## Textile Workers Seek Parity

C.I.O. union will press drive to bring wages up to level of other manufacturing industries. Campaign to organize more southern cotton mill employees will be pushed at the same time.

The Textile Workers Union of America (C.I.O.), now well entrenched in the textile industry although it represents only 400,000 workers or 35% of the national total, soon will press in New England and other northern mills for new wage increases. The union hopes to gain for textile workers, for the first time, wage parity with other manufacturing industries.

At the same time, the T.W.U.A. will be the spearhead of C.I.O.'s southern organizational drive (BW—Apr. 27 '46, p92) among 500,000 cotton mill workers, only 20% of whom are now enrolled in labor unions.

• **Established**—The two objectives—wage parity for the traditionally low-pay textile industry and unionization of one of the last major open-shop areas in mass production—keynoted the union's fourth biennial convention in Atlantic City last week. They pointed up one very strong point: T.W.U.A. has come of age, has established itself in collective bargaining with mill operators.

How much of a wage increase the union plans to ask for its 65,000 northern cotton and rayon workers has not been announced. Last fall the union won a 65¢ hourly minimum and a

general 8¢ increase in the northern mills, and extended that gain early this year to contracts in the southern cotton regions.

• **Short of the Goal**—The union reports, however, that its general wage levels are still far short of parity with other manufacturing, and wages of unorganized workers are even lower (500,000 workers still get less than a 65¢ minimum, 200,000 more make less than 75¢ an hour).

Hence a big job lies ahead although T.W.U.A. has succeeded in boosting average straight-time hourly earnings from a January, 1937, level of 45.5¢ in northern mills and 36.9¢ in southern mills to 81.5¢ and 67.1¢ in December, 1945, and an estimated 87¢ and 76¢ in February, 1946. According to union figures, it has forced a \$1,000,000,000 increase in textile payrolls since 1941 alone, despite a drop of 250,000 in the number of workers employed in the industry.

• **Nonunionists' Gain Included**—This represents increases given to nonunion workers (800,000 nationally) as well as to those in T.W.U.A.

Membership gains have not kept pace with economic gains, largely because



Emil Rieve opened the convention of his Textile Workers Union of America last week with the sharpest denunciation of Soviet "saber-rattling" yet heard from a major C.I.O. official. His timing and strategy were perfect. T.W.U.A. will spearhead the C.I.O.'s drive in the South, where suspicion of Communism in labor's ranks has been a drawback to efforts to expand unionism.

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## The Only Time He Isn't Testing Textiles

WHILE he's taking brief time out from ripping his buttons and committing mayhem on his shirts . . . we still hard at work testing still better, stronger rayon fabrics for children's wear.

Rayon fibers fit such strenuous duties well *because they man-made*. One of the outstanding features of these fibers is that they can be given exceptional strength . . . nearly a "must" for things like little boys' clothes . . . or rayon cord for your tires.

Working closely with textile manufacturers, our engineers aid with problems of knitting, weaving, finishing and dyeing rayon fabrics . . . help them control fading, shrinkage, stretch . . . and improve washability or cleanability, or permanence of finish . . .

American Viscose Corporation, the nation's largest producer of rayon, is endlessly applying its technical knowledge of rayon to make better rayon products for more people everywhere.

## AMERICAN VISCOSE CORPORATION

*America's largest producer of rayon*

Offices: 350 Fifth Avenue, New York 1, New York; Charlotte, N.C.; Cleveland, Ohio; Philadelphia, Pa.;

Providence, R.I.; Washington, D.C.; Wilmington, Del.

U. S. Pat. Off.

*A better way to  
buy Rayon Fabrics*



This identification is awarded only to fabrics containing CROWN® rayon, after they have passed the CROWN Tests for serviceability.

merica  
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## REPLACED — ... 5 pieces of equipment PROVIDED — additional operations

"With our new MIKRO-PULVERIZER, we replaced 3 ball mills, one blending machine, and another pulverizer. In addition, we are performing other operations which we did not consider at the time of purchase."

This comment from one MIKRO user is typical of many we receive. Built to suit each application and sold on a rigid guaranteed performance basis, each unit delivers satisfaction plus.

Investigate the investment and operation savings a MIKRO usually brings...

SEND FOR—Confidential Test Grinding Data Sheet, new Catalog and Bulletin.

PULVERIZING MACHINERY COMPANY  
37 Chatham Road • Summit, N. J.

NOW ... 2 TYPES TO MEET MOST PULVERIZING NEEDS

**MIKRO-PULVERIZER**  
Reg. U. S. Pat. Off.



**MIKRO-PULVERIZER**

For over 20 years the leader in producing fine grinds of a large variety of materials.

## DEPENDABLE FIRE INSURANCE

MORE PEOPLE BUY  
INSURANCE FROM  
NORTHWESTERN  
THAN FROM ANY  
OTHER MUTUAL FIRE  
INSURANCE COMPANY

MAKE IT YOUR CHOICE, TOO

STRENGTH

STABILITY

**NORTHWESTERN**

MUTUAL FIRE ASSOCIATION

**ASK YOUR LOCAL AGENT  
FOR NORTHWESTERN PROTECTION**

or for further information write home office,  
Northwestern Mutual Insurance Building,  
Seattle 1, Washington.

of the sharply reduced textile work force during the war years, when low-pay industrial workers shifted to high-wage war work. However, T.W.U.A. signed 436 new contracts since its last convention in 1943, added 101,976

in membership—a gain of about 30%.  
• **Percentage Claims**—Today it claim 85% organization of north cotton textile mills (in contrast to 2 in the South); 80% of carpet and workers; 75% of synthetic yarn work

## THE LABOR ANGLE

### Kibitzers

Concentrated on immediate and practical issues, the union representative and the industry man whose responsibility is labor relations sometimes lose sight of the larger problem created by their contrasting interests and conflicting attitudes. In truth, they meet, compete, and fight on a veritable frontier of our business civilization where the rule of law and the pattern of order have not fully penetrated. What they do, or what they fail to do, in that part-wilderness, has demonstrably affected every aspect of our national economic life.

But if their concern with the business at hand—formulating demands and counterdemands, winning a strike, negotiating a new contract, etc.—gives them a restricted view of the significance of the field in which they work, there are others who never for a moment forget how broadly important that field is. Labor relations are subjected to an intense and persistent kibitzing nowhere near equaled by the amount of sideline coaching directed at any other field of business activity.

### Power

This is so because, on the labor front, real power is at stake. The essence of power in peacetime in any age reduces itself to control over the opportunity to work and earn a livelihood. It is almost literally power of life and death. So far as that power can be exercised freely by any group or individual, its possession has shifted through history from monarch to landlord to businessman. There are some who believe that in this country it is in process of shifting again; that labor leaders are wresting it away from employers. But whether or not that proves true, the fact remains that whoever holds this power can dominate the pattern of our political and economic life.

Intellectuals of a certain persuasion have, since the time of Karl Marx, believed that labor was the instrument by which basic social changes would be effected. Believing that,

they have striven to influence, control, or capture the organized labor movement so that the social order could be changed to conform to the blueprint they favored—and, by means incidentally, they hoped to be carried to positions of power and eminence in the process.

### Wary

The traditional union movement in this country has been very wary of the influence of the intellectual. The university professor, lawyer, or educated radical has been very coolly received by the labor leader who conceived of himself as doing a practical job which the visionary simply didn't understand. But so persistent has been the intellectual's effort to sell his philosophy to the labor movement that it has been unable to escape some bending in his direction. Nevertheless, the competition between the intellectual and the practical unionist has gone on so long and been fought out on so many different planes that labor has inevitably learned how to keep the outsider pretty much in his place.

Not so the businessman. The outsider who sees a struggle for power on the labor front in which he seeks advantages for himself and the furtherance of his own designs finds the businessman, to whose side he now might come as a professed ally, less wary of him, less experienced in dealing with him than the labor leader. Harassed and on the defensive, employers are inclined to welcome the allies they can get and not inquire too closely into their purpose.

This is part of the trouble on the labor front, part of the reason why practical differences between unions and management frequently are inflated beyond all reason into the ideological stratosphere. Neither the radical "friend of labor" nor the reactionary "friend of management" has much to contribute to a solution of the labor problem and management has still this lesson to learn. The unions sometimes give the impression that, having learned it, they have forgotten it.



of those in woolen and worsted  
60% of workers in dyeing and  
finishing plants; and 30% of those in  
hosiery industry.  
Most of this progress was made after  
U.A. was created out of the frame-  
work of an old and comparatively weak  
Textile Workers Union after the  
A.F.L.-C.I.O. split, and after, in 1937,  
C.I.O. launched the first successful at-  
tempt to unionize the textile industry.  
Leading T.W.U.A. then, and again  
elected last week without opposition,  
Emil Rieve, one of C.I.O.'s furthest-  
left leaders, who opened the textile  
workers' convention with a denuncia-  
tion of Soviet "saber-rattling" in Iran.  
Rise From Murray—Giving what ap-  
peared to be tacit indorsement to this  
strongest anti-Soviet statement so far  
from a major C.I.O. leader, Philip Mur-  
phy the next day praised Rieve's "most  
valuable" contributions "toward the  
future of his country . . . and the labor  
movement generally."

It was a pleasing pat on the back for  
Murray, singularly free from extreme left-  
wing opposition in his union, but it  
should not be interpreted as indication  
that Murray will add anything more  
to the often-predicted but  
far from realized drive to purge  
extreme left-wing leaders in C.I.O.  
Contrast—Generally, the interna-  
tional situation attracted relatively lit-  
tle attention from the textile workers  
who are much concerned over their own  
domestic problems. Their lack of dem-  
onstrative interest in foreign affairs was  
different from the situation at the  
United Public Workers of America  
(U.P.W.A.) convention, meeting in another  
hallfront convention hall (page 80).

#### MINERS COOPERATE

Utah members of the United Mine  
Workers (A.F.L.) at the Carbon County  
mine of the Columbia Steel  
Company scored with the public this week  
when they agreed to supply enough coal  
to keep coke ovens of Columbia Steel  
operating in Monton, Utah, running for the pro-  
duction of coal gas. This is the first and  
only break on the coal strike front thus  
far (page 15).

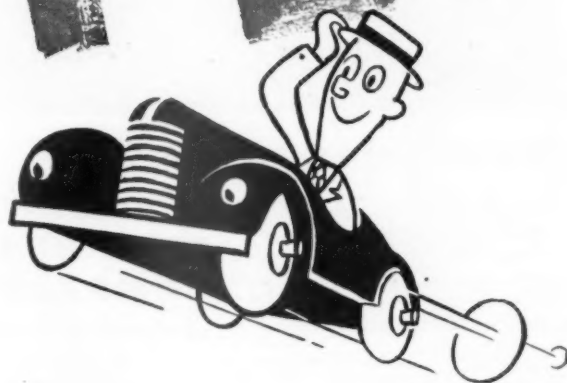
As a result domestic gas was supplied  
to Provo, Utah, the state's third largest  
city, and to the towns of Springville and  
Panguitch.

Prior to the coal miners' decision,  
gas service was imperiled, restaurants  
closed, and home owners' heating or  
cooling facilities were curtailed.

In explaining its action, the Utah  
M.W. declared: "We don't wish to  
impose any hardships on those not di-  
rectly involved in our disputes with the  
operators. We will not assist them to  
operate for profit, nor will we involve  
innocent persons in the dispute."

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In Canada: Wilkening Manufacturing Co. (Canada) Ltd., Toronto.



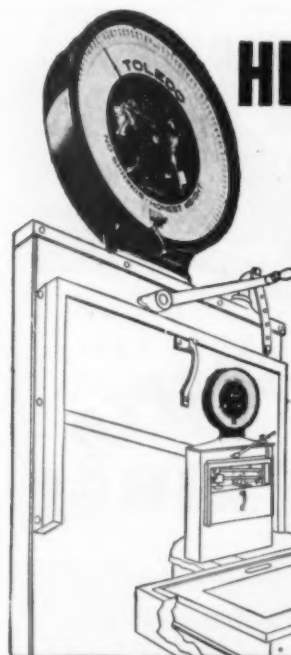
## A Micrometer must say "OKAY"!

Because an aluminum tube is subject to distortion in handling, a micrometer is used to check the rounding of beaded ends.

A PRECISION job at the American Tube Bending Co., Inc. Write for booklet—D8 Lawrence St., New Haven (11), Conn.

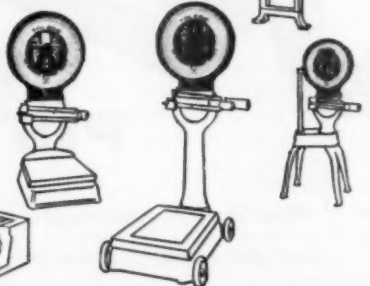
## AMERICAN TUBE BENDING COMPANY, INC.

PRECISION to Aircraft Standards



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Distinctive, the World over, is the head of a Toledo Scale. In factories, dairies, mines or mills—wherever seen it means—*Accurate Weight*. For inside the Toledo head is that ingenious Toledo full-floating, double-pendulum device which balances weight against weight to give accurate weighings with split-second speed. Toledo Scale Company, Toledo, Ohio.



# TOLEDO

## HEADQUARTERS FOR SCALES

## Double Campaign

Bitter jurisdictional battles looms as A.F.L. and C.I.O. coordinate separate national drives to organize governmental workers.

Organization of the nation's estimated 5,000,000 federal, state, county and municipal workers—now largely unorganized—is the goal of campaign mapped last week by A.F.L. and C.I.O. unions bitterly opposed in political outlook. Both groups are determined to wage a jurisdictional war to the end necessary, to win dominance in a field in which, so far, neither has more than the barest toehold.

As a preliminary, the American Federation of State, County & Municipal Employees (A.F.L.), meeting in Chicago, and the new United Public Workers of America (C.I.O.), created in Atlantic City by merger of C.I.O. units of federal workers and of state, county and municipal employees, exchange recriminations and challenges. They agreed on only one thing—that public employees should be given the same organization and bargaining rights assured by law for other workers.

• **Warming Up**—A public press debate between the two unions was set off by A.F.L. denunciation of the leadership of the C.I.O.'s merged unions. The new U.P.W.A. countered with criticism of A.F.L.'s "do-nothing" and "red-baiting" policies.

A.F.L.'s prime interest, immediately will be centered on organizational work among policemen. Although the present A.F.L. has frowned in the past on police organization work, the union now has 50 police locals and includes policemen in 25 other locals. It estimates that it has 6,000 policemen in its membership—including about 1,500 in Chicago despite an order there which denies to policemen the right to belong to a union. Similar restrictions have been encountered in Los Angeles and about a dozen other cities. The battles are being fought in the courts, with the union citing its constitutional ban on police strikes as a denial that unionization could endanger law enforcement.

• **Targets**—The merged C.I.O. union, which counts most of its 73,140 membership in the ranks of government employees, teachers, and hospital workers—captioned its campaign strategy session with an invitation to A.F.L. unions to organize government employees to join with it in one strong organization.

It set as first objectives the broadening of the National Labor Relations (Wagner) Act to cover all classes of government employees and the elimination of the Hatch Act (which bars federal

government workers from political action).

Abram Flaxer of New York, president of the old state, county, and municipal union, was named president of the merged group with a \$6,000-a-year salary. Eleanor Nelson of Baltimore, who headed the federal workers, was elected secretary-treasurer, and Robert Weinstein of Philadelphia was designated organization director.

**Strike Ban Rejected**—The union turned down a floor proposal for a ban on public workers' strike action, but specified in its new constitution that strikes will be sanctioned only if all other methods of settling disputes fail. In sharp contrast to the Textile Workers Union of America (right-wing C.I.O.), in convention a half-mile down the Atlantic City Boardwalk (page 76), the U.P.W.A. took considerable interest in international affairs. Many resolutions, such as one demanding a stop to efforts to "isolate" Soviet Russia and another asking withdrawal of United States and British troops from friendly countries (efforts to include Russian forces were shouted down), had a striking resemblance to the editorial position of the Communist Daily Worker—sold to U.P.W.A. delegates but handed out free to all who attended the textile convention.



Abram Flaxer (left), former head of the C.I.O.'s state, county, and municipal workers, now heads the new United Public Workers of America in a merger which ends the tenure of Miss Eleanor Nelson (right) as president of the Federal Workers Union. The first woman president of an international union, she has been chosen secretary-treasurer of the new one.

## GOING NUTS over a new Tag or Label Problem?



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## Reuther's Gains

U.A.W. chief gets jobs for supporters but no new votes on board. Management fears stray shots during feuding.

Walter P. Reuther has been over his first big jump as president of the United Auto Workers Union, and the reins of leadership are not much more firmly in his hands than they were before. Confronted by a hostile majority on the U.A.W. executive board with whom he must work for his year-and-a-half term, Reuther emerged from two weeks of meetings with his fellow officers in possession of a few new patronage plums but without the increased voting strength on the board which he had hoped for.

• **Slight Gains**—When Reuther was elected U.A.W. president, it amounted to not much more than saddling his horse in the race for auto labor leadership (BW—Apr. 6 '46, p. 90). The executive board, dominated by his opponents, could frustrate most of his plans. His big job was to whittle down the inimical majority on that board. In his first effort to do that he has failed.

Unsuccessful, he sought other means for freeing himself from intraunion friction. And by doing some trading and making a few deals, he's a shade stronger within the organization than he was.

• **Voice Insurance**—Most importantly he's taken over control of the two main channels of intraunion propaganda: U.A.W.'s departments of education and publicity. As director of the former he has named his able, articulate, younger brother, Victor; and to the post of publicity director, Frank Winn, keen, public relations-minded ex-newspaperman who handled union publicity during the General Motors strike.

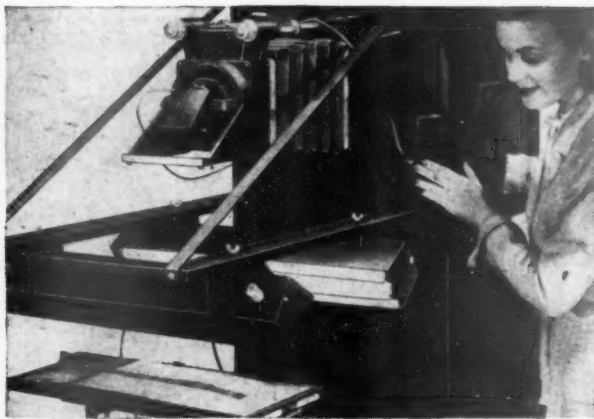
Both of these places were formerly held by appointees of R. J. Thomas, Reuther's predecessor as U.A.W. president who is now known in labor circles as the man most eager to make a comeback. Thomas, U.A.W.'s first vice-president, is Reuther's bitterest opponent on the executive board. To satisfy the Thomas bloc, Reuther had to accede to Thomas' appointment as director of the union's competitive shop department, and to the assignment to this division of 24 organizers, making it thereby the largest staffed department in the organization.

• **Strikes Authorized**—There is little doubt that Thomas will use his staff to rebuild his prestige and chalk up extraordinary gains for U.A.W. members in these shops. Employers in this part of the industry can expect some hyperthyroid union activity.

Other employers are also directly af-



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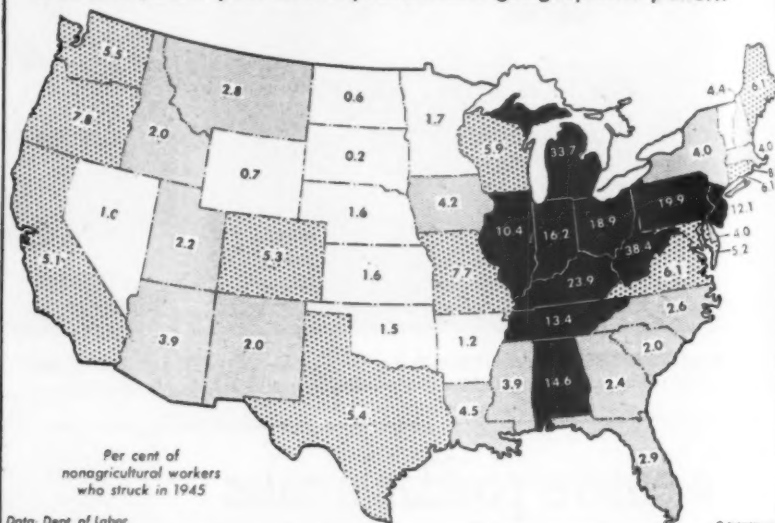
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INTERCOMMUNICATION SYSTEMS

## THE 1945 STRIKE MAP

War-and-peace year shows pronounced geographical pattern



Data: Dept. of Labor

In 1945—which in terms of the distribution of work stoppages cannot be considered an abnormal year—the nation's strike belt extended from Michigan's Upper Peninsula to Mobile, Ala., and from the Mississippi River boundary of Illinois to the Jersey coast. Of all workers who struck in 1945 more than 73% were employed in the ten states making up this rough triangle (black above). It is notable that the density of strikes does not fully duplicate the density of the nation's industrial population. Thus, New York, California, and Massachusetts, first, fourth, and seventh, respectively, among the industrial states, do not fall into the heavy strike belt. West Virginia, 27th among the states in number of nonagricultural workers, leads the strike parade for 1945 with 38.4 of every 100 of them having been on strike during the year.

ected by what occurred at the U.A.W. board meeting. The board authorized strike action, at the discretion of the union director, in both Chrysler and Ford plants. In the former, U.A.W. demands an end to the discharge of workers who have reached the age of 65. At Ford, U.A.W. demands the immediate payment of the 18¢-an-hour wage increase which was agreed on with the company but which has not gone into effect pending the ratification of other contract terms.

• **Employers Apprehensive**—Other principles the union espoused include: full support for hourly as against incentive rates of pay; simultaneous expiration of wage agreements; company-financed pension plans; annual wages; the 30-hour week; contract periods to be limited to a year; union shop and check-off; and opposition to company security clauses.

Looking at these developments, automotive company officials are not at all happy. In particular, they regard Reuther and his moves with distrust. Their conviction is that Reuther's ambitions bode no good for them, that he is willing to sacrifice them to achieve personal

ends. They maintain that the General Motors strike was stretched far beyond any necessary length in order to improve Reuther's chances for the presidency he won at the recent Atlantic City convention.

• **The Bright Side**—G.M. officials freely accused Reuther of playing union politics during the strike. Other company people who will not be quoted amplify such remarks—often with profanity.

But they admit that Reuther's G.M. department had greater freedom from wildcat strikes during the war than perhaps any other major component of the union. They hope he will be able to impress the need for discipline on the rest of the union.

Nevertheless, they know about the U.A.W. feud between Reutherites and anti-Reutherites, and they believe it will make trouble for them as factionalism so often has in the past. While they tend to blame Reuther more than Thomas or Secretary George Addes for this situation, they heap maledictions on the "trouble-making Communists," meanwhile acknowledging that they are Reuther's bitterest enemies.



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**Lignite**

**Wheat Hulls**

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**Oat Hulls**

**Bagasse**

**Turpentine Wood Chips**

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## Petrillo Scores

Major victory chalked up  
Hollywood as A.F.M. continues  
aggressive drive as answer  
Congress. Court test planned.

A 33% increase in an annual wage guarantee for musicians—from \$5.20 to \$6.916—and agreement of eight major motion picture producers to employ one-third more musicians on a regular basis have provided James Petrillo's American Federation of Musicians (A.F.M.) with a major victory in one of his three current tests with employers and with a thus far unbeatable challengeable title as labor's most successful representative. Negotiations with the others, radio and recording, have not yet reached a serious phase.

• **Union's Answer**—The A.F.M.'s three-pronged campaign got under way last month as the union's answer to a successful legislative drive in Washington aimed at curbing Petrillo's demands in the radio industry (BW—Apr. 20, p. 98). The musicians' union meanwhile began working out strategy for a contest of the restrictive law, in cooperation with A.F.L.'s legal department.

The new wage agreement with motion picture producers, written without a strike, was worked out on the basis of government estimates that living costs have increased approximately 33% since Jan. 1, 1941. Regularly employed Hollywood musicians had received no pay boosts since that date. Part-time musicians, whose hourly wages were increased during the war, will receive increases amounting to the difference between the increases already given and a total 33%.

• **A Compromise**—Studios agreed to employ 339 musicians on an annual basis instead of 235, announced that the increase would not be onerous since additional musicians can be used without difficulty. The A.F.M. had originally asked for an annual wage of \$10,400, guaranteed work for 720 musicians.

Studios acceded to a Petrillo demand that producers bar use of motion pictures containing music for television broadcasts.

The union waived a demand that musicians be paid overtime after 40 hours work in any one week. The new contract, which runs until Labor Day 1948, specifies overtime after 520 hours of work during the year.

## TEAMSTERS VS. GROCERS

Neighborhood grocers and butchers in Detroit were complaining of coercion this week as they considered an ultimatum of the

...of the A.F.L. Teamsters Union  
...up or have their meat shipments  
...off.  
...the teamsters' drive on the stores  
...ostensibly to force packing houses  
...resume their full prewar schedules  
...meat deliveries. During the war, the  
...neighborhood shops began picking up  
...own requirements at the packing  
...docks. The teamsters said con-  
...ance of the practice was impairing  
...bers' job opportunities.  
...an ultimatum that the packing  
...es cease to allow pickups by their  
...omers was followed by the offering  
...contract to the grocers and butch-  
...trade associations last week. Under  
...contract, some 4,000 neighborhood  
...would (1) become "associate  
...bers" of the union, at dues not  
...revealed, if the stores are owner-  
...ated, without paid employees; (2)  
...interim \$5 permit fees, permitting  
...to make their own pickups; (3) es-  
...h union shops for all employees,  
...ating them with the Retail Clerks  
...n, a teamsters' affiliate.  
...testing strongly, both the grocers  
...the butchers apparently were on  
...erge of capitulating this week, but  
...acks of the two associations visibly  
...ened when city and county authori-  
...announced that they would investi-  
...charges of extortion.



## WELFARE PLAN CONTINUED

...announcement last week that newly  
...ed Jack & Heintz Precision Indus-  
...Inc., will continue the labor rela-  
...policies of its predecessors, Jack &  
...tz Co. (BW-Apr.27'46,p18), has  
...ed attention on a recent Jahco re-  
...that the company spent \$2,513,-  
...4 during 1945 on what it de-  
...ed as "welfare incentives" to get  
...high production.  
...the expenditure brought the total  
...out in incentives in four years of  
...me Jahco operations to \$7,588,-  
...01. The number of "associates"  
...ing the benefits rose from 1,822 in  
...1 to 7,573 in 1944, and declined  
...the end of the war to 6,390 in  
...0.  
...at year's welfare incentives in-  
...ed: free meals for employees, \$1,-  
...31.86; vitamin pills, \$73,636.50;  
...otherapy, \$185,020.35; shoes for  
...ees, \$17,678.36; medical center,  
...013.12; dispensaries, \$126,694.72;  
...al care, \$54,738.81; hospitalization,  
...671.27; Christmas turkeys, \$75,-  
...09; and picnics, \$25,170.16.  
...generally, management groups op-  
...ed to the elaborate paternalism of  
...s labor policies had written off  
...company's program as strictly a war-  
...phenomenon. Expectation was  
...policies adopted to get the cream  
...short labor force and step up pro-  
...ion levels would die a natural death

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ticular requirements. And our en-  
gineers are available—without obli-  
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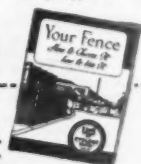
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Address.....

City..... State.....

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☐ Residence. Approximately.....feet.



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## GREEN LIGHT FOR A STOPPAGE

Last week, officials of two railroad brotherhoods, rejecting fact-finding recommendations for a 16¢ hourly pay boost (BW—Apr.27'46,p88), met to plan May 18 strike call. This week, the unionists—(left to right, seated) Alvan Johnston and A. F. Whitney, presidents of the Engineers' & Trainmen Brotherhoods; (standing) David Milichan and Frank Aldrich, wage chairmen of the brotherhoods—saw their strategy bearing fruit. Negotiations were reported progressing, and hope was growing that the parties might bargain an agreement on changes in working rules—averting federal intervention.

with return to a competitive civilian production field. Now management is wondering just how far Jack & Heintz Precision Industries will go along with Jahco welfare incentives.

## G.M. PROTESTS BENEFITS

An appeal was being prepared this week by General Motors Corp. against a decision of the Michigan Unemployment Compensation Commission awarding benefits to erstwhile strikers for varying periods following their recent lengthy strike. G.M.'s premium rates would be affected.

The commission decided that benefits should begin at the start of the week following ratification of local plant contracts and continue until the men were recalled to work. The union had sought to have benefits start on Mar. 13, when the national strike settlement was reached.

The company's original position (BW—Mar.23'46,p106) was that it could not resume operations until all plant locals had ratified the agreement and hence were ready to return to work simultaneously. On that basis, the company maintained the men were out of work because of a labor disturbance. Later, however, G.M. opened some plants before all had ratified; and this action may have impaired its position before the MUCC.

Although the commission's action was viewed as a setback for the company, in one respect it represented a notable gain. Hitherto, compensation commissions in Michigan and other states have taken the general position that unemployment benefits began soon as a strike is called off and run until the worker is actually reemployed.

## P.S.

**Recommendation** by a president of a fact-finding board for an 18¢ hourly pay boost for 37,000 striking nonferrous metalworkers officially recognized a wage pattern set in Anaconda and other agreements (BW—Apr.27'46,p99). However, at least one struck company, American Smelting & Refining Co., termed the formula unacceptable in copper, lead, zinc, and brass price difficulties have been ironed out with OPA.

**Extension of strikes** at Allis-Chalmers over unsettled issues in negotiations with the United Auto Workers (C.I.) made 27,000 idle, caused a new pay dispute in the farm equipment industry which is just over one big strike and is beset by a scattering of small ones.

**The American Baseball Guild** (BW—Apr.27'46,p92) followed up outposts of opposition to ballplayer unions by C. Griffith, owner of the Washington Senators, with unfair labor practice charges.

# THE INTERNATIONAL OUTLOOK

BUSINESS WEEK

MAY 4, 1946



There is a momentary brightening in the international outlook.

At Paris, the Russians are at least temporarily playing a more conciliatory role than in earlier world conferences.

In several western European countries (France, Belgium, the Netherlands, Norway) trade recovery is noticeably accelerating.

The coming of warm weather and of the first peacetime crops is stimulating morale.

•  
The Paris Peace Conference is off to a better start than anticipated.

Byrnes' plan for a Four-Power guarantee to keep Germany demilitarized for 25 years is a shrewd play to gag Russia on other issues.

It will also influence France to abandon its demand to detach the Rhine-Ruhr from the Reich, since the French claim is allegedly based on the fear the U. S. will again withdraw completely from Europe.

•  
Washington and Moscow may be reaching bargaining ground.

The U. S. wants to internationalize Trieste, return the Tyrol to Austria, place the Italian colonies under international trusteeship, and levy no cash reparations against Rome.

The U.S.S.R. would like to give Trieste to Yugoslavia, assign the Italian colonies to individual trusteeship with Russia claiming Tripolitania, and secure cash reparations from Italy—at least for such a satellite as Yugoslavia.

Insiders at Paris this week believed that Moscow was prepared to yield on Trieste, if Washington would accept at least a scaled-down demand for Italian reparations.

•  
Beyond the security angle, Byrnes' program for an integrated European economy will be used as a selling point to tempt the Soviet Union to give up its present strongly bilateral economic agreements in eastern Europe.

Moscow's reaction to this is still unknown.

•  
Actually, this U. S. proposal is weakened by:

(1) Our privileged position in Italy brought about by the Italian airline deal made recently by Transcontinental & Western Air.

(2) Britain's economic agreements with Egypt, which are as tightly bilateral as anything Moscow has negotiated in its satellite territory.

Discussion, at Paris, of these no-trade-barrier issues will provide the tipoff to what degree of international give-and-take can be expected when the formal International Trade Organization conference meets.

•  
Don't miss the numerous small concessions Washington is making to win Soviet cooperation for the larger issues in the peace program.

The Moscow-sponsored Yugoslav government has been recognized, and Kossanovitch has been accepted as its ambassador to Washington.

And Poland has been granted a loan with the unenforceable provision that the country must ultimately hold "free" elections.

•  
Moscow—entering gradually into the spirit of less grim bargaining—has reciprocated.

Gromyko has assured the U.N. that he will not jeopardize the future of the Security Council by walking out on the discussions.

And Moscow has made a tiny breach in its intellectual blockade of all

# THE INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK  
MAY 4, 1946

outside thinking by allowing Washington to boost the circulation of its Russian-language get-acquainted-with-America magazine (Amerika) from 10,000 to 50,000.

Moscow's bargaining line is increasingly clear.

In eastern Europe, Russia's satellite territory is now clearly defined.

The western powers must be prepared to make major concessions before Moscow will yield on any basic issue involving Finland, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, or Yugoslavia.

In the Middle East, Iran and Turkey inevitably will be "worked" into the Soviet orbit.

In the Far East, Korea and Manchuria will be the diplomatic battleground.

Repercussions on U. S. business in eastern Europe are already visible.

Reports just received from Prague indicate that I.T.&T. negotiations with the Czech government are progressing rapidly, on the basis of complete expropriation of property but at a negotiated price.

Simultaneously, a new ten-year technical assistance contract is under discussion, with I.T.&T. to supervise a country-wide expansion and modernization of the communications system on a fee basis.

No one should be surprised if Socony-Vacuum makes some comparable settlement of its expropriation negotiations with the Czechs.

Deal under discussion with the oil interests would include a technical assistance contract both for additional exploration and for refining within the country.

It is clear now, however, that all eastern European countries will bargain American, British, and Dutch against Russian technicians in the exploitation of oil following nationalization of all properties.

This trend is already evident in Poland and Hungary, and is now expected to spread to Rumania.

Despite the popular conviction in the U. S. that the Soviet Union is the main obstacle in the way of unified control of Germany, don't be surprised if, soon, the blame is shifted to France and Britain.

London currently is balking unification moves on the grounds that Russia's solidly organized propaganda machine will force the spread of the political system in the Russian zone over the whole of Germany.

Paris' attitude toward the Rhine and the Ruhr has now reached a point where it is creating such antipathy among Americans—both in Berlin and in Washington—that the French may soon get a blunt warning to abandon it or look for no economic or political support from the U. S.

London thinks U. S. plane manufacturers may use British-made equipment for their first jet-engined commercial planes.

American aviation experts, now known to be surveying the British market, are working on the basis that U. S.-made jets suitable for big commercial planes will not be in quantity production before 1951.

The British, on the other hand, are expected to get into the air long before then with jet transport.



# BUSINESS ABROAD

## Argentina: The Crucial Phase

Latin America's richest state, defiant but not quite sure which economic foot to put forward in the postwar world, awaits grave policy decisions as the Peron government prepares to take office.

In the next few weeks, before the newly elected government of Col. Juan Peron takes office in Argentina, you can expect a little fancy footwork on the part of both Washington and Buenos Aires. Peron is reported to be applying economic pressure on Uruguay, and at the same time is expected soon to make a flying trip to five neighboring countries to solidify relations.

The United States, having lost an ill-revised battle to prevent the election of Peron, is mending fences.

Peron, no longer forced to weigh every move for its political effect, can get down to the business of running the country and taking account of some of the major trends in the Argentine economy which call for policy decisions.

**Background: Prosperity**—Argentina today can only be understood against the background of wartime developments in that country. The Argentine is the leading industrial nation among the 20 Latin American republics, as well as the largest agricultural producer and exporter. Whatever the rest of the world may think of the Peron government, hungry nations have hands outstretched to receive Argentine foods.

Argentina's favorable wartime trade balance has made it the wealthiest and luckiest of the Latin American states. At the end of 1945, gold and foreign exchange holdings totaled \$1,835,000,000, of which \$1,350,000,000 was gold or gold-secured. About a fifth of this hoard must be held to back an expanded currency, but the remainder is more or less freely available for buying abroad or strategic investment in neighboring states.

**Structural Changes**—Inevitably, a return to peacetime conditions will alter this import-export pattern to reduce Argentina's advantageous position.

Most important, however, are changes in the internal structure of the Argentine economy that will call for postwar policy decisions.

The war speeded Argentina's industrialization. Demand for goods that could no longer be imported, and an unprecedented opportunity to break into export markets with manufactured goods, forced business expansion.

**Rapid Industrialization**—While total national income more than doubled be-

tween 1935 and 1945, the industrial segment rose more sharply than agriculture and livestock production (chart). Deflation of the cash figures to allow for price changes would only sharpen the divergence of industrial and agricultural income trends, owing in part to the favorable terms of trade accorded scarce manufactures and to the shortage of shipping for traditional bulk farm exports.

Livestock exports expanded sharply, and production was encouraged by availability of grains that could not be exported but could profitably be diverted to fodder.

Second only to the over-all transformation of the Argentine economy, whereby industry took first place as a producer of national income, was the drastic change that occurred in the agricultural sector.

**Agricultural Trends**—Agricultural production, with cereal exports curtailed, tended to emphasize industrial crops,

cultivation of food for an expanding urban populace, and fruit-growing for a lucrative domestic and export beverage industry (BW—Jan. 13 '45, p. 113).

Meanwhile the balance of power in Argentina has swung into the hands of the local capitalists, coloring both domestic and foreign policies. There has been a resurgence of nationalism that did not derive solely from the political isolation of the nation.

**Planned Inflation**—The migration of farm workers to unskilled urban industrial employment enhanced the importance of labor as a political element to be exploited by Peron and his business backers. As a political weapon, the Peron government pursued a deliberate inflationary policy, which was characterized by an industrial wage-price spiral, so as to create an illusion of swiftly growing prosperity.

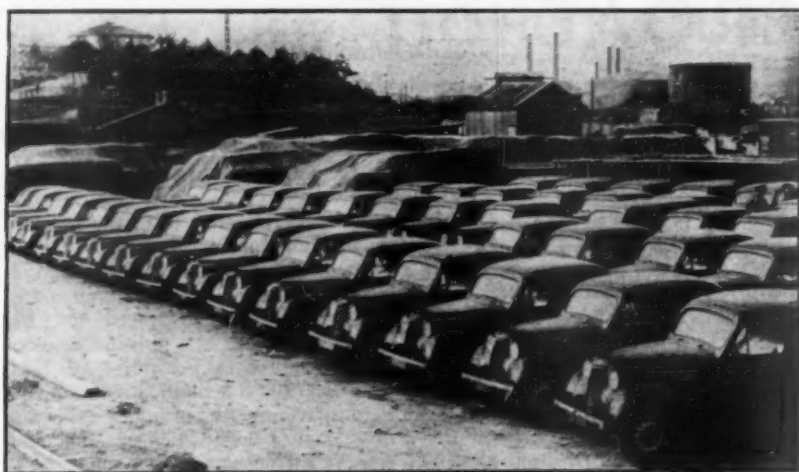
The cost-of-living index which had risen only ten points between 1939 and 1944, swept upward 20 points in 1945; and the index of wholesale prices went skyrocketing to 115 points above the 1939 average.

**Manufacturing Setback**—The future of Argentina's expanded industry is uncertain. Industrial exports, which comprised only 2% of prewar trade, reached 25% of total shipments in 1943. Since then, manufactured goods exports have fallen 50% but remain substantially above the prewar level. Similarly, there has been a decline of roughly 8% in domestic industrial production.

A number of factors may be respon-



During the war, income received by Argentine industry outpaced rising livestock receipts, and left agriculture far behind in the production of national income. Discounting inflation, however, the slope of these trends would show a slight decline in the physical volume of crops, a rise of 25% in livestock production, and of 45% in manufacturing output. For the first time, the cash value of mining and manufacturing in 1945 edged out the combined income from crops and livestock, setting a waymark in Argentine industrialization.



## WELL ON THE ROAD TO RECOVERY

Substantial indication that France is wooing old customers is the shipment of French cars unloaded in Stockholm. Although plagued by reconstruction difficulties, France, anxious to rebuild its export trade, has managed to get its automotive industry partially on its feet. More than 10,000 motor vehicles were produced during January and February—as compared with a monthly average of 15,000 units during 1938. Sweden, which bought \$1,000,000 worth of French cars in 1939, is undoubtedly a preferred customer now because France sorely needs that country's principal products—special steels and forest products.

sible for these trends. It is clear that in some instances Argentine products have priced themselves out of foreign markets, particularly in renewed competition with prewar suppliers. Also, repair and re-equipment of war-born industry have been hindered by unavailability—real or discriminatory—of foreign capital equipment.

• **Economic Nationalism**—These trends raise many questions bearing upon the future of Argentine policy. Will the controlled inflation be halted? Local capitalists would pursue a frankly un-economic autarkic policy which would be designed to hold domestic markets and promote exports. But capital equipment imports—which may well require foreign financial aid—will be necessary. Will they, in fact, be permitted or even encouraged?

There is resistance to foreign participation in Argentine industry growing out of the expansion of domestic production—up 20% to 25% from prewar—and increased domestic ownership (through purchase of foreign holdings). Industry has become more centralized, and the trend toward government control or supervision of major undertakings is marked.

• **Cereals Decline**—The major wartime changes in agriculture also raise important policy questions. The cash value of farm output has risen 50% in the last ten years (but only about 25% above the 1935-39 average). But the value of cereal and linseed output last

year was 30% below the 1935 figure, while spectacular increases occurred in the production of other items: 211% in industrial crops, 143% in fruits, and 169% in vegetable crops.

Thus, the value of cereals and linseed declined, between 1935 and 1945, from 73% to 41% of total agricultural income (excluding livestock).

During the war the export of linseed declined sharply, partly because of increased home consumption, while the production and export of seedcakes and vegetable oils about tripled in volume. These, too, have somewhat questionable futures.

• **Against the Tide**—For some time to come world demand for Argentina's traditional field crop exports will be enormous, and shipping will again be available to move every ton that can be laid at dockside. This month Peron decreed a temporary subsidy to encourage wheat exports. Will world demand for grain outpace domestic food produce and reverse the wartime trend toward cultivation of fruits, vegetables, and industrial crops for domestic consumption only?

While Argentina can now export its grain, instead of burning it for fuel, its industry may go begging in a coal-short world. The chief prewar fuel supplier, Britain, has just about disappeared from the scene; South African and United States shipments are far above the prewar level but over-all Argentine coal supplies are barely 25% of prewar. The

war-imposed squeeze on grain for food and fuel, plus the shortage of coal, is thus an important factor in postwar foreign economic policy.

• **Renewed Competition**—Livestock production and export during the war expanded sharply in value but only slightly in volume, with about 60% of the slaughter of cattle and hogs, and over 90% of sheep, going into export channels. With the return of Denmark as a supplier of Argentina's best meat customer, Britain, the future of Argentina's swollen meat exports is uncertain.

These are the major forces pulling and hauling the Peron regime as it prepares to assume legal control of the Argentine in June. Each has national and international ramifications. How soon Argentina will swing into the orbit of the United Nations in a collaborative search for an expanding world economy, or how far it will go on its present nationalistic, isolationist course will soon be evident from Col. Peron's approach to the country's pressing economic and political problems.

## SOVIET LOANS FOR HOMES

In addition to government and community housing programs in the Soviet Union, special credits for private home construction have been made available on an ever-increasing scale during the last four years.

Soviet citizens may obtain loans up to 10,000 rubles (roughly \$2,000) for periods of as long as seven years (a period of ten years for veterans) at 2% interest.

In 1942, loans totaled 7,000,000 rubles; in 1943, 35,000,000; in 1944, 260,000,000; and in 1945, 325,000,000. If all loans were of the maximum size, appropriations through 1945 would have provided credit to 62,700 individuals. By the middle of last year, 12,000 dwellings financed by federal loans had already been completed.

Allocation of funds regionally follows the pattern of wartime devastation, special priorities being given to needy areas. Veterans get first crack at building materials. Nationally, the government funds have been budgeted to assure adequate new housing to essential workers. In 1945, for instance, 45,000,000 rubles were set aside for iron and steelworkers, 35,000,000 for transport workers, and 23,000,000 for the workers in the building trades.

## MEXICAN AIRLINES EXPAND

MEXICO CITY—Two new airlines have been formed in Mexico by domestic interests, and two others have expanded their activities. First of the new services is Compania Mexicana de Transportes Aereos, S.A., backed by Gen. Francisco J. Mujica, former sec-



# Spring

## comes in Pittsburgh, too

There's another side to Pittsburgh! When spring comes in Pittsburgh, people who haven't walked farther than the dining room all winter get out and roam the hills. Pitt kids sprawl on the Cathedral of Learning lawns, and Carnegie Tech kids go lally-gaggin' in Shennley Park, and it's wonderful!

All over town people pick violets, swing golf clubs, go out for the fat and sassy trout in Pennsylvania streams, drive with their pores open through the lush green of our lovely Pittsburgh hills.

South Hills people wear summer duds and tell impossible tales about their balmy sunshine, North Hills people exaggerate about the greenthings in their gardens, and even East End people are suddenly and madly conscious of Nature.

When spring comes in Pittsburgh, it's a wonderful place to be and to have your business. It is at any time of year for that matter. We wish you'd think about it . . . and if you're interested, we or the Pittsburgh Chamber of Commerce will be glad to answer your questions.



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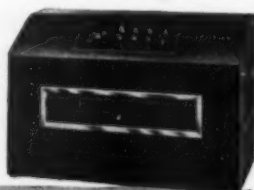
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The directors of American-Marietta Company have declared a semi-annual dividend of \$2.50 per share on their Preferred Stock and \$1.00 per share on the Class "A" Common Stock payable May 1, 1946 to holders of record as of April 20, 1946.

**GROVER M. HERMANN**  
President

Chicago, Illinois April 20, 1946

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retary of communications and public works. It will operate DC-3's in northern and central Mexico, linking Mexico City, Guaymas, Torreon, and Guadalajara to border cities and connecting there with U. S. airlines. The second line, which will fly twine-engined Avro Ansons from Mexico City to Valles, Villa Cuauhtemoc, El Mante, and Ciudad Victoria, has been organized by Juan Galindo. Both new lines begin scheduled flights this month.

Lineas Aereas Mexicanas, S.A. (in which United Air Lines last year bought a controlling interest), recently signed a contract for a new 500-acre airport at San Luis Potosi. Three 2-kilometer runways will serve the line's DC-3's. Construction cost is estimated at about \$200,000.

Transportes Aereos Mexicanos, S.A., principally engaged in flying chicle and other forest products out of Campeche, Tabasco, Quintana Roo, Chiapas, and Yucatan, has added several new planes, enlarging its fleet to 21.

## CULTURAL BYPRODUCT

**GUATEMALA CITY**—Mixing a bit of Guatemalan archeology with its important trade and plantation activities, in a fashion believed unprecedented for a private firm, the United Fruit Co. recently announced an expedition to excavate and reconstruct the ruined Mayan city of Zaculeu.

Zaculeu, ancient capital of the Mam Maya kingdom, lies half-buried under prairie grass and shrubs on a mountain-ringed plain 175 miles northwest of Guatemala City. Most Mayan cities, unlike this one, were built in the hot eastern jungle country; and Zaculeu is unusual also in surviving until the Spaniards came. Only in 1525 did the Conquistadores subdue the kingdom, which then suffered the same fate meted out to Aztecs in Mexico and Incas in Peru.

Under two well-known archeologists, United Fruit Co.'s five-year project will now expose these ruins for tourists to see and ponder.

## FINNISH TRADE BALANCE

Final trade figures for 1945 reveal that Finland emerged with an unfavorable trade balance of less than \$10,000,000 despite reparations payments made to the Soviet Union of nearly \$50,000,000.

Finnish cash exports totaled \$41,600,000 compared with imports of \$50,700,000. Reparations exports of \$48,700,000 pushed total exports to \$90,300,000.

The value of the Finnish mark has declined sharply from a prewar rate of about 50 to the U. S. dollar to a rate set last fall at 136 to the dollar.

## CANADA

## Tax Control Shift

Provinces probably will relinquish fiscal authority in many fields in return for per capita grants from Ottawa.

**OTTAWA**—The running contest between the federal and provincial governments for control of Canadian fiscal policy is entering its final stages.

This week the fields of difference in proposals and counterproposals were narrowed to:

- (1) Disposition of succession duties
- (2) disposition of certain taxes that are in the provincial fold, including amusement, gasoline, and pari-mutuel receipts; (3) determination of the per capita grant to the provinces in return for turning over to federal control major tax income sources.

• **Security Levy Expected**—As discussions continued on these issues, it was reported that Ottawa was about to announce a plan for a 3% to 4% federal social security levy on all income earned with a simultaneous lifting of the income tax exemption level to \$1,000 for single persons and \$2,000 for married couples.

Under the traditional Canadian fiscal system the provinces held independent sway over an important segment of the



## FLATTOP IN A HURRY

A baby flattop, pressed into peace time service even before its "top" was removed, loads up at Montreal for grain for Europe. Like most other countries, Canada has tightened its food belt to meet the emergency Canadian commitments on exports of wheat amount to 350,000,000 bu. during the year (BW—Mar.23'46,p.17)

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### PAC

WINDSOR—Packard is the latest automobile company to announce plans for production in Canada. The Canadian subsidiary, Packard Motor Car Co. of Canada, Ltd., has acquired a site here and plans an early start on an administration building to cost \$150,000.

The building will serve initially as headquarters for distribution of U.S. cars, but E. S. Wagle, director of the company, last week disclosed that "in the not distant future the company intends to erect manufacturing buildings and carry on a full line of business to meet the Canadian trade."

The growing list of U.S. auto firms manufacturing or assembling in Canada now includes Ford, Chrysler, General Motors, Nash, Studebaker, and Willys-Overland.



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## RADIO-KEITH-ORPHEUM CORPORATION

The Board of Directors has declared two dividends, each of 30 cents per share, on the Common Stock of the Corporation, one dividend payable on May 15, 1946 to stockholders of record at the close of business on May 6, 1946, and the other dividend payable on July 1, 1946 to stockholders of record at the close of business on June 15, 1946.

J. MILLER WALKER  
Secretary

April 16, 1946.

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# THE MARKETS

(FINANCE SECTION—PAGE 4)

## Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial .....	180.6	181.2	173.4	143.7
Railroad .....	63.3	64.0	63.3	54.7
Utility .....	94.4	94.7	90.9	66.0
<b>Bonds</b>				
Industrial .....	124.0	124.2	124.5	122.3
Railroad .....	118.6	119.1	120.2	115.0
Utility .....	115.9	115.8	115.8	116.4

Data: Standard & Poor's Corp.

## Too Nervous to Celebrate

Wall Streeters have rarely had a more appropriate occasion than this week for staging a string of gala, zooming Big Board stock trading sessions. Monday marked the fourth birthday of the 1942-4? bull market, already, judged by longevity and extent of advance, the third largest such price upsurge in history.

Up to Wednesday, however, there had been no celebration of the anniversary. Instead, with prices as a whole at their highest levels since 1930, only dull and cautious trading producing somewhat lower price levels had been witnessed.

• **Coal a Factor**—Causing much of the nervousness, obviously, is the continuance of the coal strike, with growing signs that rapidly diminishing supplies of fuel are now beginning to reduce activity sharply in all segments of industry. Not helping, either, has been release of a flow of drastically unfavorable first-quarter earnings statements.

Even though the Street believes that trend will not last long, it hasn't helped its nerves.

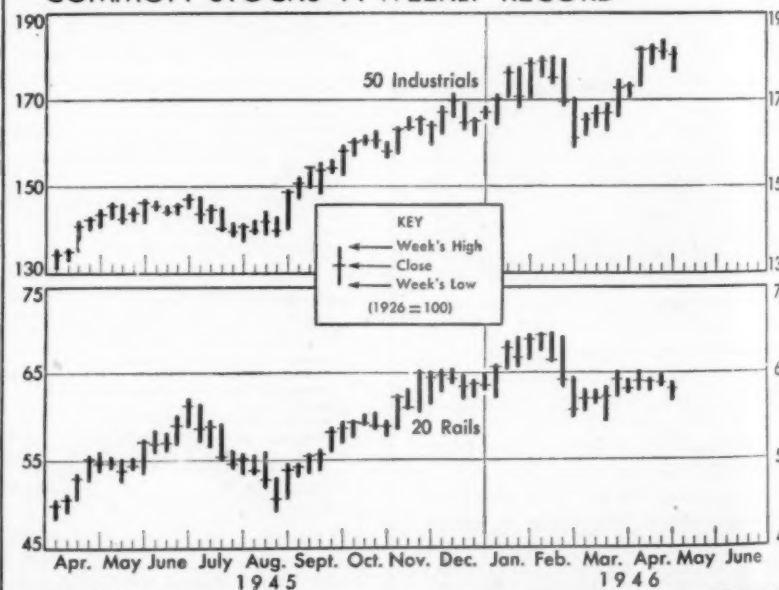
This week, however, hasn't been barren of spectacular didos despite the absence of a mood to celebrate the longevity of the present bull market and the prosperity it has brought to the financial district.

• **Bond-Selling Wave**—Tuesday, for example, saw the Big Board's government bond trading floor operating at its busiest since war-caused panicky selling in 1939 necessitated a public display of Federal Reserve buying to support the Treasury market. Just as before, also resort to that trading arena, instead of the usual over-the-counter market, was due solely to a desire of many holders to cash in on them pronto.

The main target of Tuesday's selling wave was the Victory Loan 2½s of 1972, a favorite vehicle of "free-riders." These bonds had long showed increasing weakness (page 19). Owners began handing them to brokers with instructions to sell them on the Big Board since the latter, claiming it was traditionally a "free" market, had never agreed, like dealers in the over-the-counter government market, to limit daily price changes to quarter-point and thus restrict "dumping" in times of price weakness.

• **And So—the Rush**—On Tuesday over-the-counter trading in such bond stopped when they suffered a quarter-point loss right after the market had opened. On the Big Board, at the out-

## COMMON STOCKS—A WEEKLY RECORD



Data: Standard & Poor's Corp.



## A QUIET ACTOR



There were likewise no bids for such stocks at the level that had prevailed. A bondholder, however, anxious to get what profits were still available, began offering them at gradually lower prices until he was able to find a buyer. Others rushed in to duplicate his feat, and the parade was on. Before the day ended the 24s were a point under previous close of 103 17/32. Then, however, the over-the-counter market had abandoned its restrictive time agreement and had become active again. Also, buyers had been attracted by the levels reached, and the market was over. Wednesday, moreover, was a considerably less active market, the 24s selling at above 103 1/2.

## Board Steaks and Chops

Despite its basic importance in meeting the nation's essential food requirements, the meat packing industry has represented one of the more volatile segments of American business. Not only have its inherent speculative characteristics been more recognized than in the stock market, as a glance at the packing shares' past price record, and many sudden zooms and dips, clearly reveals.

**Reasons Why**—Going far to explain meat trade's erratic earnings record, the mercurial nature of its operations, is the fact that it normally has control over its "raw material" supplies or the marketing of its finished products.

The packers must always be ready to absorb all livestock reaching the market. Regardless of demand, also, they must immediately ship some 70% of their output into channels of consumption. One of their dressed meat inventories must be stored away any length of time to await propitious marketing conditions.

**Narrow Margins**—The success of operations thus largely depends upon how accurately the management forecasts the trend of livestock and fresh meat

prices. Trade competition is likewise quite keen, both on the buying and on the marketing side. All this makes for very narrow profit margins, and rarely has the packers' profit ratio ever exceeded 2%. In 1936-40, in fact, each dollar of sales produced slightly less than a penny of profit.

The war, obviously, provided a bonanza for the meat packers. Sales volumes of the dominating Big Four group (Swift, Armour, Wilson, and Cudahy) soon zoomed to all-time record-breaking levels, twice the size of those reported in 1939.

The war's impact on earnings was equally favorable. Despite the heavy toll exacted by high tax rates, net profits of the trade's six largest units skyrocketed in 1941-44 to levels ranging from \$41,000,000 to \$43,000,000, new all-time peaks, compared with the 1936-40 annual average of less than \$15,000,000.

• **Finances Are Improved**—The industry didn't forget its many previous low earnings periods. Some of the war-gained cash was used to wipe out part of the heavy prewar preferred dividend arrears, but cautious dividend policies were followed. Profits went largely to improve finances, particularly cash and working capital positions.

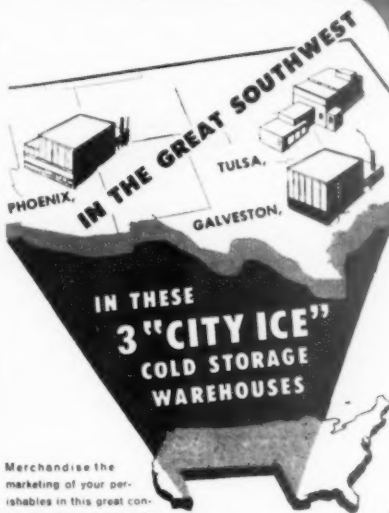
Due to various abnormal wartime and postwar factors, 1945 sales of the major packers ran some 17% below 1944 levels. Earnings also slumped. The industry's large tax cushion, however, generally held the decline in net to around 20%, even though pretax profits disclosed a considerably sharper drop.

• **Expectations**—Wall Street believes the packers will enjoy high sales volumes for some time ahead, due to the abnormal demand for food built up during almost six years of war. It also expects profit margins to widen and thinks these factors, combined now with the absence of the excess-profits tax levy, will produce handsome earnings for the packer.

Such a bright outlook would seem to warrant the expectation of a subsequent above average stock market performance by the packing shares rather than the somewhat-less-than-average showing (chart) revealed since V-J Day. Wall Streeters, however, aren't showing much enthusiasm for the group currently.

• **Discounted?**—The Street, for example, isn't so certain that the expected "good" earnings will not continue to be used to strengthen finances instead of to pay dividends. And, more importantly, there is a strong feeling in many quarters that at present market levels most packing stocks may already have discounted pretty fully their current strong financial positions, as well as the trade's favorable postwar operating outlook.

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# THE TREND

## NEW ENGLAND RENAISSANCE

BOSTON, May 1, 1946—At least four substantial companies are vying with each other here to see that no promising new product or business idea lacks a backer.

In a continuing process of trying to see that there is no shortage of good ideas to back, businessmen and industrialists from all over New England will gather here this month to see how the abnormal riches of New England in research facilities can be more intensively applied to the economic development of the region.

A program to provide more capital with which to back good ideas includes an organized effort to get those who manage the great trust funds, estimated as high as \$10,000,000,000, which have been accumulated in this community over the centuries to look not merely for security but toward constructive economic development in routing their investments.

• These are but three of many indications, discerned during a few days of intensive discussion with a considerable cross-section of New England business, industrial, and educational leaders, that there is a great revival of optimism and good cheer about the economic future of this part of the land.

But, you may well ask, with business booming almost everywhere, who wouldn't be optimistic? We do not believe, however, that that query suggests the true nature of the renaissance of business and industrial zest in these parts.

In the 20's the business and industrial leadership of New England expressed its individuality by getting down in the dumps emotionally and otherwise long before the crash of 1929 landed the rest of the country there. A group of McGraw-Hill executives and editors who toured New England industries well before that crash found gloom the dominant sentiment. What had been the industrial backbone of the region, textile production, seemed to be collapsing as the industry headed south. There was even serious talk that New England must look largely to harvesting tourists for economic sustenance in the dismal industrial twilight ahead.

• In accounting for the great change in spirit that has come over New England business leaders, one of them, with modesty characteristic of the region, remarked, "The rest of the country is just catching up with the headaches we had years ago. Hence we are relatively well off."

With some sorts of headaches there are indications that the rest of the country has not only caught up with but passed New England. For example, the region had 8% of the country's nonagricultural employment during the war, but contributed only 5% of the nation's total of man-days lost through strikes. A similarly favorable position in industrial relations seems to be extending into the postwar period.

There is no reason to believe, however, that the business cheerfulness which pervades New England these days is to be explained fully by relative progress in standing still. On the contrary, the best figures available indicate that since the 20's the per capita income of wealth in New England has considerably outstripped that in the rest of the country. A large part of the explanation of this, in turn, seems to lie in the cumulative effect of cooperative efforts on the part of business, industry and public leaders, expressed extensively through the New England Council, to make the most of the economic resources of the region.

• When the council was formed 20 years ago, its first move was not to establish a Washington office. It was to look to New England resources of men and materials to solve New England's problems. It has followed the same policy over the years in collaboration with all of the New England state governments. Its success in showing the people of its region their own strength unquestionably has a lot to do with the fact that most of them are now optimistic about New England's future.

Of course in the best New England tradition, there are dissenters. Some of them emphasize what seems to them the almost hopeless complexity of labor problems in an area where one textile town boasts 46 different nationalities. Others talk about handicaps of geographical remoteness and difficult transportation problems. Still others are depressed by certain manifestations of the political life of the region. The decidedly dominant feeling, however, was summed up by one manufacturer when asked about industrial migration from New England, replied, "There still is some, but those leading it are such plain fools that they never will be missed."

• The spirit of confident enterprise which is so manifest hereabouts constitutes a striking commentary on the mature economy theory which, as developed in Washington during the depressed 30's, envisaged a withering of opportunities for profitable private investment and independent enterprise in our aging national economy. The theory has since taken quite a battering generally. But if it bears any important relation to the facts or tendencies of our national development, it should be discernible here in New England—the oldest part of the nation's industrial establishment.

Here, however, there is impressive evidence that business in spirit and in the rewards offered to pioneers, the oldest part of our national economy is really very young. The realization that this is true, and that the mature economy crepe hangers came on the scene far too soon, makes a pervasive contribution to the spirit of confidence so strikingly manifest in New England today. It also should be gratifying to the nation.

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